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NATIONAL ENERGY BOARD



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Publication

REGULATORY AGENDA

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Issue No. 1

March 1982

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PREFACE

This is the first issue of a Regulatory Agenda which will be published twice a year by the National Energy Board. After a suitable period, possibly about 18 months, the value of the Agenda will be assessed to determine whether it should be continued. Meanwhile any comments on its value or suggestions for improvement should be addressed in writing to the Secretary of the Board.

The purpose of the Agenda is to provide the public with advance notice of forthcoming regulatory actions. The Parliamentary Task Force on Regulatory Reform, the Standing Joint Committee on Regulations and other Statutory Instruments, the Law Reform Commission, and the Economic Council of Canada have all emphasized the value of early notice as a means of improving the regulatory process.

The publication of this agenda does not replace or alter any of the Board's existing regulatory procedures such as the issue of hearing orders and news releases to announce the hearings of individual applications.

FUNCTIONS OF THE BOARD

The National Energy Board is a court of record. The Board's regulatory responsibilities encompass mainly the licensing of exports of oil and oil products, natural gas and products, and electricity and the import of gas, the certification of interprovincial and international pipelines and international power lines, the authorization of crossings of such pipelines by public utilities, control of the safety of these pipelines, and the regulation of the rates, tolls and tariffs of pipeline companies under federal jurisdiction. In addition the Board administers certain aspects of the Petroleum Administration Act and the Northern Pipeline Act.

The Board also advises the Government on matters relating to energy.

JURISDICTION

Except where otherwise noted, jurisdiction over the items enumerated in this Regulatory Agenda is exercised pursuant to the National Energy Board Act, RSC 1970, c. N-6.

HEARING DECISIONS PENDING

Decisions are pending on the following matters for which public hearings have already been completed:

1. The New Brunswick Electric Power Commission - Application for licences to export power to be derived mainly from the Point Lepreau nuclear station.
Hearing Order EH-2-81.
Hearing commenced in Fredericton, New Brunswick, on 24 November 1981 and completed on 2 December 1981.
2. Ontario Hydro - applications for licences to export power to General Public Utilities Corporation and for a certificate for an underwater cable crossing of Lake Erie.
Hearing Order EH-3-81.
Hearing commenced in Ottawa on 19 January 1982 and completed on 27 January 1982.
3. TransCanada PipeLines Limited - Application for a certificate for "1982 facilities".
Hearing Order GH-5-81.
Hearing commenced in Ottawa on 16 February 1982 and completed on 17 February 1982.

HEARINGS IN PROGRESS

The following public hearings were in progress at the date of authorization of this Agenda:

1. Arctic Pilot Project and TransCanada PipeLines Limited terminal.
Hearing Order GH-3-81.
Hearing commenced in Ottawa on 2 February 1981.

HEARINGS SCHEDULED

The following public hearings are scheduled to commence on the dates indicated:

1. Trans Quebec & Maritimes Pipeline Inc. - application for authorization to expropriate additional lands in Quebec for right of way of the pipeline approved by Certificate GC-65.
Hearing Order MH-2-82.
Hearing to commence in Trois-Rivières on 1 March 1982.
2. Alberta Natural Gas Company Limited - Application for an increase in rate of return.
Hearing Order RH-1-82.
Hearing to commence in Ottawa on 8 March 1981.
3. Gas Export Omnibus, 1982 - Applications by a number of companies for export of natural gas.
Hearing Order GH-6-81.
Hearing will be in three phases.
Phase I to commence in Ottawa on 16 March 1982.

Deadline for interventions, Phase I, 8 February 1982.
Further applications or amendments due by 2 April 1982.
Deadline for interventions, Phases II and III, 14 May 1982.
4. ICG Transmission Limited - Tolls application
Hearing Order RH-2-82.
Hearing commences in Ottawa on 23 March 1982.
5. TransCanada PipeLines Limited - Application for authorization to expropriate additional lands for the "North Bay Shortcut" pipeline approved by Certificate GC-69.
Hearing Order MH-3-82.
Hearing to commence in North Bay, Ontario on 30 March 1982.

HEARING APPLICATIONS FILED

The following applications have been filed with the Board, but dates have not yet been set for their hearing.

	<u>Applicant</u>	<u>Date of Application</u>	<u>Type of Application</u>
1.	Trans Quebec & Maritimes Pipeline Inc.	18 Nov. 81	Tolls
2.	TransCanada PipeLines Limited	25 Jan. 82	Tolls
3.	Foothills Pipe Lines (Yukon) Ltd.	29 Jan. 79	Certificate for Dempster Lateral

HEARINGS ON THE HORIZON

On the basis of advance information provided by companies, it appears probable that the following applications will be forthcoming which may lead to public hearings within the next twelve months:

	<u>Company</u>	<u>Type of Application</u>
1.	Trans Quebec & Maritimes Pipeline Inc.	Expropriations (east of Trois-Rivières)
2.	Trans Quebec & Maritimes Pipeline Inc.	Route Modification, Quebec to Edmundston
3.	Foothills Pipe Lines (Yukon) Ltd.	Tolls (various)
4.	Interprovincial Pipe Line Company	Tolls
5.	Manito Pipelines Ltd.	Tolls
6.	Westcoast Transmission Company Limited	Tolls
7.	Cominco Ltd.	Export of power
8.	TransAlta Utilities Corporation	Export of power via B.C.
9.	Westcoast Transmission Company Limited	Gas pipeline to Vancouver Island
10.	Trans Mountain Pipe Line Company Ltd.	Tolls

NON-HEARING APPLICATIONS

The Board has before it a number of applications which do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, orders to amend export licences or certificates, orders to authorize the export of small amounts of natural gas, orders for tariff adjustments, and licences to export oil or oil products for less than a year.

AMENDMENTS TO ACTS

Certain amendments to the National Energy Board Act are in various stages of enactment, as described below:

Bill C-60, which changes the expropriation and compensation procedures for pipeline rights of way, was passed by both the Senate and the House of Commons on 11 December 1981 and was given royal assent on 18 December 1981. Proclamation is likely to follow once the necessary regulations have been finalized, probably in the first half of 1982.

Bill C-87, which authorizes the Governor in Council to appoint up to six temporary Board Members at any time, was passed by the Senate and the House on 18 December 1981 and given royal assent on the same day. This bill is scheduled to be proclaimed at the same time as Bill C-60.

The Energy Security Act 1981, a discussion draft of which was tabled in the House of Commons by the Minister of Energy, Mines and Resources on 22 June 1981, and a revised edition of which is scheduled to be tabled in the House shortly. This bill proposes a number of amendments to both the National Energy Board Act and the Petroleum Administration Act.

AMENDMENTS TO RULES

The following amendments to the National Energy Board Rules of Practice and Procedure are in various stages of preparation, as described below:

1. Part VII of the Schedule - Information required to be filed by an oil pipeline company applying for an order fixing tolls or tariffs under Part IV of the Act.

This will be a new part of the Schedule. The Board expects to finalize it soon, after which the process of registration and publication will be commenced.

2. Part VIII of the Schedule - Information required to be filed by a gas pipeline company applying for an exemption order for pipeline facilities under Section 49 of the Act.

This proposed new part of the Schedule is still being drafted. When ready, it will be issued for comments by interested parties.

3. Part IX of the Schedule - Information required to be filed by an oil pipeline company applying for an exemption order for pipeline facilities under Section 49 of the Act.

This proposed new part of the Schedule is still being drafted. When ready, it will be issued for comments by interested parties.

4. Part X of the Schedule - Information in right-of-way matters required to be filed by an applicant for a certificate or an exemption order in respect of a gas or oil pipeline.

This proposed new part of the Schedule is being drafted. When ready, it will be issued for comments by interested parties. It will replace the equivalent portions of Parts I and II.

5. Changes as a result of Bill C-60.
These are now being drafted.

AMENDMENTS TO REGULATIONS

The following amendments to the Board's regulations are in various stages of preparation, as described below:

1. Gas Pipeline Uniform Accounting Regulations -
Revised regulations to replace those which came into effect in 1969 were sent to 17 gas pipeline companies for comments and discussed with them at a meeting in Toronto in September 1981. The new regulations, as amended, were approved by the Board on 29 October 1981 and have been forwarded for review by the Legal Advisor of the Privy Council Office. Once finalized, they will be submitted for approval by the Governor in Council.
2. Oil Pipeline Regulations -
By letter dated 12 August 1980, draft amendments to these regulations were sent to the industry for comments. The comments were duly received and amendments are still being made to the draft.
3. Bill C-60 Regulations -
These are now being drafted.

INSTRUCTIONS FOR FILING

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa K1A 0E5. Applicants are requested to provide the following number of copies of their applications:

<u>Type of Application</u>	<u>No. of copies</u>
<u>Hearing</u>	
Pipeline certificate (Class A)	35
Gas export licence	35
Pipeline rates	35
Electrical certificate or licence	30
Oil export licences (more than one year)	30
<u>Non-Hearing</u>	
Pipeline exemption orders (Class B)	30
Pipeline blanket exemption (Class C)	15
Gas export orders	15
Rates orders	15
Electrical orders	15
Oil export licences (up to one year)	1
Crossing orders (include 4 sets of drawings)	1
Leave to open	1

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

AUTHORIZATION

The issuance of this edition of the Regulatory Agenda was approved by the Board on 18 February 1982.

NATIONAL ENERGY BOARD



G. Yorke Slader,
Secretary.

For information, please telephone
Mr. Denis Sabourin, Information Officer
at (613) 593-6936



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REGULATORY AGENDA

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PREFACE

This is the second issue of the Regulatory Agenda, which will now be published every three months by the National Energy Board.

The purpose of the Agenda is to provide the public with advance notice of forthcoming regulatory actions and with information on the status of ongoing proceedings.

All documents filed with the Board during a public hearing are in the public domain and are available for examination in the Board's Library, which is open weekdays from 8:00 a.m. to 4:30 p.m.

Anyone seeking more detailed information on the decisions referred to in the Regulatory Agenda can request copies of the available documents, by writing to the Secretary of the Board.

FUNCTIONS OF THE BOARD

The National Energy Board is a court of record. The Board's regulatory responsibilities encompass mainly the licensing of exports of oil and oil products, natural gas and products, and electricity and the import of gas, the certification of interprovincial and international pipelines and international power lines, the authorization of crossings of such pipelines by public utilities, control of the safety of these pipelines, and the regulation of the tolls and tariffs of pipeline companies under federal jurisdiction. In addition the Board administers certain aspects of the Energy Administration Act and the Northern Pipeline Act.

The Board also advises the Government on matters relating to energy.

JURISDICTION

Except where otherwise noted, jurisdiction over the items enumerated in this Regulatory Agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1970, c. N-6.

RECENT DECISIONS ISSUED

Since the last edition of this Regulatory Agenda, the following decisions have been rendered by the Board on applications examined in public hearings. In each case a copy of the Reasons for Decision is available on request.

1. The New Brunswick Electric Power Commission - Reasons for Decision dated March 1982. Nine licences for the export of electricity, to be derived mainly from nuclear generation at Point Lepreau, are awaiting the approval of Governor in Council; one licence request was denied.
2. Ontario Hydro - Reasons for Decision dated March 1982. The Board was prepared to issue a power export licence and a certificate for an international interconnection with General Public Utilities (GPU) in the United States, but in June the project was cancelled at the request of GPU.
3. TransCanada PipeLines Limited - Reasons for Decision dated March 1982 resulted in the issue of Certificate GC-70 for the "1982 Facilities". Looping of the Emerson Extension was denied.

4. Trans Quebec & Maritimes Pipeline Inc. - Reasons for Decision dated March 1982. Expropriation rights granted for additional width of pipeline right of way between Boisbriand and Trois-Rivières.
5. Alberta Natural Gas Company Limited - Reasons for Decision dated April 1982. Amending Order issued allowing an increase in rate of return.
6. ICG Transmission Holdings Ltd. - Reasons for Decision dated April 1982. Tariff Order issued to fix new tolls.
7. TransCanada PipeLines Limited - Reasons for Decision dated April 1982. Expropriation rights granted for additional width of pipeline right of way along the "North Bay Shortcut".
8. Columbia Gas Development of Canada, TransCanada PipeLines Limited, and Westcoast Transmission Company Limited - Reasons for Decision dated April 1982. Orders issued for minor amendments to natural gas export licences.
9. TransCanada PipeLines Limited - Reasons for Decision dated May 1982. Expropriation rights granted for additional width of pipeline right of way along the "North Bay Shortcut".
10. Trans Quebec & Maritimes Pipeline Inc. - Reasons for Decision dated May 1982. Expropriation rights granted for additional width of pipeline right of way between Trois-Rivières and Quebec City.
11. Phase I, Gas Export Omnibus Hearing 1982 - Reasons for Decision dated May 1982 resulting in changes in method of determining exportable surplus of natural gas and in amendments to gas export regulations.
12. Canadian-Montana Pipe Line Company - Reasons for Decision dated July 1982. Licences amended to allow natural gas exports to Tennessee Gas Pipe Line Company at Emerson, Manitoba and Niagara Falls, Ontario.
13. TransCanada PipeLines Limited - Reasons for Decision dated July 1982. Tariff Orders issued to fix new tolls. The new tolls on exported gas and transportation service became effective 1 August 1982. With respect to domestic prices, the government has not yet prescribed new prices under the Energy Administration Act to reflect the increased tolls provided for in the tariff orders.

HEARING DECISIONS PENDING

A decision is pending on the following matter for which a public hearing has already been completed:

Foothills Pipe Lines (Yukon) Ltd. - Application for orders concerning tolls on the prebuild section of the Alaska Highway Natural Gas Pipeline
Hearing Order RH-5-82
Hearing commenced in Ottawa on 28 June 1982 and was completed on 6 July 1982.

HEARINGS IN PROGRESS

The following public hearings were in progress at the date of finalization of this Agenda:

1. Arctic Pilot Project and TransCanada PipeLines Limited terminal.
Hearing Order GH-3-81.
Hearing commenced in Ottawa on 2 February 1982. On 29 July, hearing of the TransCanada application was adjourned sine die at the request of the company, who stated that possible sales of LNG direct to Europe might eliminate the need for a terminal in southern Canada.
2. Gas Export Omnibus 1982.
Hearing Order GH-6-81.
Hearing commenced in Ottawa on 16 March 1982 on applications by a number of companies for the export of natural gas to the United States and Japan.

HEARINGS SCHEDULED

The following public hearings are scheduled to commence on the date indicated:

Trans Québec & Maritimes Pipeline Inc. - Application for authorization to acquire additional lands in Quebec for pipeline right of way.
Hearing Order MH-7-82.
Hearing to commence in Quebec City on 24 August 1982.

Trans Quebec & Maritimes Pipeline Inc. - Application for orders fixing tolls for the transportation of natural gas from St-Lazare to Lévis, Quebec.
Hearing Order RH-4-82
Hearing to commence in Ottawa 28 September 1982.

Cominco Ltd. - Application for licences to export electricity.
Hearing Order EH-1-82
Hearing to commence in Vancouver on 7 October 1982.

HEARING APPLICATIONS FILED

The following applications have been filed with the Board, but dates have not yet been set for their hearing.

	<u>Applicant</u>	<u>Date of Application</u>	<u>Type of Application</u>
1.	Foothills Pipe Line (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2.	Manito Pipelines Ltd.	19 July 1982	Tolls

HEARINGS ON THE HORIZON

On the basis of advance information provided by companies, it appears probable that the following applications will be forthcoming which may lead to public hearings within the next twelve months:

	<u>Company</u>	<u>Type of Application</u>
1.	Interprovincial Pipe Line Company	Tolls
2.	Westcoast Transmission Company Limited	Tolls
3.	TransAlta Utilities Corporation	Export of power via B.C.
4.	Westcoast Transmission Company Limited	Gas pipeline to Vancouver Island
5.	Trans Mountain Pipe Line Company Ltd.	Tolls
6.	Hydro-Québec	Export of power
7.	N.B. Electric Power Commission	Export of power
8.	Various applicants	Facilities to export gas or LNG

NON-HEARING APPLICATIONS

The Board has before it a number of applications which do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, orders to amend export licences or certificates, orders to authorize the export of small amounts of natural gas or electricity, orders for toll adjustments, and licences to export oil or oil products for less than a year.

AMENDMENTS TO ACTS

Certain amendments to the National Energy Board Act are in various stages of enactment, as described below:

Bill C-60, which changes the expropriation and compensation procedures for pipeline rights of way, was passed by both the Senate and the House of Commons on 11 December 1981 and was given royal assent on 18 December 1981. This bill is awaiting proclamation.

Bill C-87, which authorizes the Governor in Council to appoint up to six temporary Board Members at any time, was passed by the Senate and the House on 18 December 1981 and given royal assent on the same day. This bill is awaiting proclamation.

Energy Security Legislation

In order to implement major elements of the National Energy Program, special legislation was tabled in the House of Commons on 22 June 1981 and released in draft form to allow for study and comment by interested parties.

Following extensive consultation with industry and provincial governments, a revised edition was tabled and given first reading on 7 April 1982. Later, the proposed legislation was divided into eight bills. The bills called for the creation of four new acts and proposed amendments to existing acts. The two bills which affect the work of the Board are:

Bill C-108, which amends the National Energy Board Act, has the effect of broadening the Board's jurisdiction with respect to power lines and the allocation of oil and gas. The bill makes a number of other amendments including an increase in the size of the Board from nine members to eleven and makes changes to Part IV of the Act concerning regulation of pipeline tolls. This bill was proclaimed on 23 July 1982 except for ss. 12, 13 and 32, relating to international power lines, which will come into force on 1 February 1983.

Bill C-103, amends the Petroleum Administration Act and renames it the Energy Administration Act. The Bill gives legislative authority to several of the National Energy Program's taxation, compensation and pricing initiatives, and amends sections of the Act administered by the National Energy Board, relating to oil export charges. The bill also provides for export charges on transportation fuel. This bill came into effect on assent, 7 July 1982, except for ss. 42(1) which was proclaimed on 23 July 1982.

A new Office Consolidation of the National Energy Board Act, incorporating all the above amendments, is expected to be available within the next three months.

AMENDMENTS TO RULES

The following amendments to the National Energy Board Rules of Practice and Procedure are in various stages of preparation, as described below:

1. Part VII of the Schedule - Information required to be filed by an oil pipeline company applying for an order fixing tolls or tariffs under Part IV of the Act.

This proposed new part of the Schedule has been forwarded to the Department of Justice for inspection.

2. Part VIII of the Schedule - Information required to be filed by a gas pipeline company applying for an exemption order for pipeline facilities under Section 49 of the Act.

This proposed new part of the Schedule is still being drafted. When ready, it will be issued for comments by interested parties.

3. Part IX of the Schedule - Information required to be filed by an oil pipeline company applying for an exemption order for pipeline facilities under Section 49 of the Act.

This proposed new part of the Schedule is still being drafted. When ready, it will be issued for comments by interested parties.

4. Part X of the Schedule - Information in right of way matters required to be filed by an applicant for a certificate or an exemption order in respect of a gas or oil pipeline.

This proposed new part of the Schedule is being drafted. When ready, it will be issued for comments by interested parties. It will replace the equivalent portions of Parts I and II.

5. Changes as a result of Bill C-60 - Changes to the Rules have been circulated to interested parties and are now being examined by the Department of Justice.

AMENDMENTS TO REGULATIONS

Amendments to the Board's regulations, in various stages of preparation, include the following:

1. Gas Pipeline Uniform Accounting Regulations -
Revised regulations to replace those which came into effect in 1969 were sent to 17 gas pipeline companies for comments and discussed with them at a meeting in Toronto in September 1981. The new regulations, as amended, were approved by the Board on 29 October 1981 and have been forwarded for review by the Legal Advisor of the Privy Council Office. Once finalized, they will be submitted for approval by the Governor in Council.
2. Oil Pipeline Regulations -
By letter dated 12 August 1980, draft amendments to these regulations were sent to the industry for comments. The comments were duly received and revision is proceeding.
3. Bill C-60 Regulations -
The Substituted Service Regulations under Bill C-60 were distributed for comment on 6 May 1982. Comments were received and the regulations finalized and submitted to the Minister pending proclamation of the bill.
4. Energy Administration Act Part I Regulations -
 - (a) Amendments to define terms and conditions under which oil export charge revenues will be shared by the Federal Government and the producing provinces. Draft regulations were submitted to the provinces for comment and are now undergoing final examination by the Department of Justice.
 - (b) Transportation Fuel Compensation Recovery Regulations - Regulations required to implement Part I.1 of the Act were approved by the Board and forwarded to the Department of Justice for examination.
5. Part VI Regulations -
 - (a) Amendment to extend export licensing provisions for petroleum products to asphalt. In effect 3 June 1982 (SOR/82-564).
 - (b) Amendment which allows the Board to licence imports of heavy fuel oil. Approved by Order in Council PC 1982-1600 dated 27 May 1982.

- (c) Amendments allowing the Board to authorize short-term exports of natural gas without a hearing and to ensure that changes to export contracts will require the approval of the Board. Issued for comments on 27 May 1982 to all parties of the Board's Gas Export Omnibus hearing and now under review.
- (d) Amendment to increase the limits for authorizing exports of electric power without a public hearing. Issued for comments in June 1982 and now under review.

TOLL ADJUSTMENT PROCEDURES

A draft order which would establish revised non-hearing procedures for routine toll adjustment applications by certain oil pipeline companies has been sent to interested parties for review and comment. This order would revoke existing Board Orders TO-3-80 and TO-4-80 applicable to Interprovincial Pipeline Limited and Cochin Pipe Lines Ltd. and would make these procedures available for the first time to Trans Mountain Pipe Line Company Ltd. and Trans Northern Pipeline Inc. Comments from interested parties are due to be received 1 October 1982.

CONFERENCE ON THE REGULATION OF PIPELINES IN AN INFLATIONARY ERA

The National Energy Board and the McGill University Centre for the Study of Regulated Industries are co-sponsoring this conference which will be held in Montreal from 17 to 19 November 1982. The conference will provide a forum for discussion of some of the major issues relating to the financial regulation of pipelines in an inflationary era. Attendance is by invitation and, at this time, the conference is fully subscribed.

STUDIES RECENTLY PUBLISHED

The following studies prepared by National Energy Board staff have been recently published:

- (a) Alternate Transportation Fuel Study, May 1982, prepared by P. Gotzaman and L. George.
- (b) Canadian Electrical Utilities, Analysis of Generation and Trends 1980.
- (c) Pipeline Construction Costs 1975-1985, June 1982.

Copies are available by writing to the Secretary of the Board.

RESTRICTIVE TRADE PRACTICES COMMISSION

In June 1982, the Board presented Part 1 of its submission to an inquiry on the petroleum industry held under the Combines Investigation Act.

SPECIAL COMMITTEE OF THE SENATE ON THE NORTHERN PIPELINE

In mid-September, the Board will be presenting a brief to this committee on regulatory aspects of frontier transportation of oil and gas.

APPOINTMENTS

On 5 August 1982, the Governor General in Council approved the appointment of Mr. A. Digby Hunt as a Member and Associate Vice-Chairman of the Board. Mr. Hunt was formerly an Assistant Deputy Minister in the Department of Energy, Mines and Resources.

In July, the Board made the following staff appointments: Mr. W.A. (Alan) Hiles was named Director of the Energy Supply Branch; he was previously Assistant Director, Geology and Reserves. Mr. T.S. (Stan) Shwed was named Chief Engineer and Director of the Pipelines Branch; he was previously Assistant Director, Oil Pipelines Group.

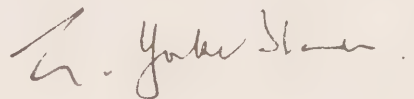
INSTRUCTIONS FOR FILING

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa K1A 0E5. Applicants are requested to provide the following number of copies of their applications:

<u>Type of Application</u>	<u>No. of copies</u>
<u>Hearing</u>	
Pipeline certificate	35
Gas export licence	35
Pipeline rates	35
Electrical certificate or licence	30
Oil export licences (more than one year)	30
<u>Non-Hearing</u>	
Pipeline exemption orders (Class B)	30
Pipeline blanket exemption (Class C)	15
Gas export orders	15
Tolls orders	15
Electrical orders	15
Oil export licences (up to one year)	1
Crossing orders (include 4 sets of drawings)	1
Leave to open	1

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

NATIONAL ENERGY BOARD



G. Yorke Slader,
Secretary.

For information, please telephone
Mr. Denis Sabourin, Information Officer
at (613) 593-6936



REGULATORY AGENDA

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Issue No. 3

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1 December 1982

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PREFACE

This is the third issue of the Regulatory Agenda. It covers three months of activity, from September to November 1982. The most significant development during this period was the completion of the Gas Export Omnibus Hearing, a major inquiry into 28 applications to export natural gas from Canada to the United States and Japan.

The hearing ended on 1 November. Evidence gathered since the hearing began on 16 March fills almost 10,000 pages of transcript. The hearing was conducted in three phases: the first, the Review Phase, was held to consider procedures used to determine the volume of natural gas available for export; this phase was completed in April 1982 and resulted in revisions to the Board's procedures for determining surplus as detailed in the Board's report dated May 1982. The second, the Licence Phase, commenced in July 1982 to examine the various applications. It was followed by the Surplus Phase to consider supply and demand and determine the quantity of exportable surplus gas. The Board's decision on licences and surplus is expected early in the new year.

FUNCTIONS OF THE BOARD

The National Energy Board is a court of record. The Board's regulatory responsibilities encompass mainly the licensing of exports of oil and oil products, natural gas and gas products, and electricity and the import of gas and heavy fuel oil, the certification of interprovincial and international pipelines and international power lines, the authorization for such pipelines to cross or be crossed by public utilities, control of the safety of these pipelines, and the regulation of the tolls and tariffs of pipeline companies under federal jurisdiction. In addition the Board administers certain aspects of the Energy Administration Act (formerly the Petroleum Administration Act) and the Northern Pipeline Act.

The Board also advises the Government on matters relating to energy.

JURISDICTION

Except where otherwise noted, jurisdiction over the items enumerated in this Regulatory Agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1970, c. N-6.

RECENT DECISIONS ISSUED

Since the last edition of this Regulatory Agenda, the following decisions have been rendered by the Board on applications examined in public hearings. In each case a copy of the Reasons for Decision is available from the Board on request.

1. Trans Québec & Maritimes Pipeline Inc. - Reasons for Decision dated August 1982. Expropriation rights granted for additional width of pipeline right of way between Trois-Rivières and Québec City.
2. Foothills Pipe Lines (Yukon) Ltd. - Reasons for Decision dated March 1982. Orders issued concerning tolls and other financial matters related to the prebuild portion of the Alaska Highway Natural Gas Pipeline.
3. TransCanada PipeLines Limited - As a result of the Board's Reasons for Decision dated July 1982 (listed in the previous edition of this Agenda), the government prescribed new prices for gas sold in Canadian markets east of Alberta, effective 1 September 1982. These prices reflect increases in tolls authorized in tariff orders issued at the end of July.

4. Foothills Pipe Lines (Yukon) Ltd. - Reasons for Decision dated October 1982. Orders issued following a review of certain financial matters dealt with in the August 1982 Decision concerning tolls and depreciation rates.

HEARING DECISIONS PENDING

Decisions are pending on the following matters for which public hearings have already been completed:

1. Gas Export Omnibus 1982 - Applications by a number of companies for the export of natural gas to the United States and Japan.
Hearing Order GH-6-81.
Hearing commenced in Ottawa on 16 March 1982 and was completed on 1 November 1982. Phase I ended on 6 April; Phase II was held from 13 July to 9 September; Phase III began in Ottawa on 13 September, continued in Calgary on 27 September and Vancouver on 4 October; it reconvened in Ottawa on 15 October.
2. Cominco Ltd. - Application for Licences to export electricity.
Hearing Order EH-1-82.
Hearing was held in Vancouver on 7 October 1982.
3. The New Brunswick Electric Power Commission - Application for approval of the export licence denied in a decision dated March 1982. That decision had granted nine of ten licences requested.
Hearing Order EH-R-2-81.
Hearing was held in Fredericton on 8 and 9 November 1982.
4. Manito Pipelines Ltd. - Application for orders fixing tolls and tariffs for the transportation of crude oil.
Hearing Order RH-6-82.
Hearing was held in Ottawa on 8 and 9 November 1982.

HEARINGS IN PROGRESS

The following public hearings were in progress at the date of publication of this Agenda:

1. Arctic Pilot Project and TransCanada PipeLines Limited terminal.
Hearing Order GH-3-81.
Hearing commenced in Ottawa on 2 February 1982 on an application by APP for the export of natural gas transported from the Canadian Arctic in a liquefied state, LNG, and on an application by TransCanada for a southern terminal and regasification facilities. In July, at the

request of APP, TransCanada applied for an adjournment of its application sine die, stating that possible sales of LNG to Europe might eliminate the need for a terminal in southern Canada. The Board granted the adjournment on 29 July. On 31 August 1982, the hearing on the overall APP application was also adjourned by the Board until the sponsors could decide whether the gas would be exported to U.S. or European markets. An application by APP for a review of this decision was denied on 4 November 1982.

2. Trans Québec & Maritimes Pipeline Inc. - Application for orders fixing tolls for the transportation of natural gas from St-Lazare to Lévis, Québec.
Hearing Order RH-4-82.
Hearing commenced in Ottawa on 30 November 1982.
Previously scheduled for 28 September 1982, the hearing was postponed at the request of intervenors.

HEARING APPLICATIONS FILED

The following applications have been filed with the Board, but dates have not yet been set for their hearing.

	<u>Applicant</u>	<u>Date of Application</u>	<u>Type of Application</u>
1.	Foothills Pipe Line (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2.	Carter Energy Limited*	31 March 1982	Licence to export LNG
3.	Rim Gas Ltd.*	24 March 1982	Licence to export LNG
4.	TransCanada PipeLines Ltd.	29 October 1982	Certificate for Niagara facilities
5.	Trans Mountain Pipe Line Company Ltd.	3 November 1982	New tolls

- * This application was originally filed as part of the Gas Export Omnibus Hearing.

HEARINGS ON THE HORIZON

On the basis of advance information provided by companies, it appears probable that the following applications will be forthcoming which may lead to public hearings within the next twelve months:

<u>Company</u>	<u>Type of Application</u>
1. Westcoast Transmission Company Limited	Tolls
2. Hydro-Québec	Export of power
3. Various applicants	Facilities to export gas or LNG
4. Westcoast Transmission Company Limited	Gas pipeline to Vancouver Island
5. TransAlta Utilities Corporation	Export of power via B.C.

NON-HEARING APPLICATIONS

The Board has before it a number of applications which do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, orders to amend export licences or certificates, orders to authorize the export of small amounts of natural gas or electricity, orders for toll adjustments, and licences to export oil or oil products and to import heavy fuel oil, for less than a year.

AMENDMENTS TO ACTS

Certain amendments to the National Energy Board Act are in various stages of enactment, as described below:

Bill C-60, which changes the expropriation and compensation procedures for pipeline rights of way, was passed by both the Senate and the House of Commons on 11 December 1981 and was given royal assent on 18 December 1981. Proclamation is expected early in January 1983.

Bill C-87, which authorizes the Governor in Council to appoint up to six temporary Board Members at any time, was passed by the Senate and the House on 18 December 1981 and given royal assent on the same day. Proclamation is expected with Bill C-60.

Bill C-108, amends the National Energy Board Act. Most sections of the Bill were proclaimed on 23 July 1982. Sections 12, 13 and 32, which relate to international power lines, will come into force on 1 February 1983.

A new Office Consolidation of the National Energy Board Act, incorporating all the above amendments, is expected to be issued shortly after proclamation of Bill C-60. In addition, a new Office Consolidation of the Energy Administration Act (formerly the Petroleum Administration Act) is expected to be available soon.

AMENDMENTS TO RULES OF PRACTICE AND PROCEDURE

The following amendments to the National Energy Board Rules of Practice and Procedure are in various stages of preparation, as described below:

1. Part VII of the Schedule - Information required to be filed by an oil pipeline company applying for an order fixing tolls or tariffs under Part IV of the Act.

This proposed new part of the Schedule has been forwarded to the Department of Justice for inspection.

2. Part VIII of the Schedule - Information required to be filed by a gas pipeline company applying for an exemption order for pipeline facilities under Section 49 of the Act.

This proposed new part of the Schedule is still being drafted. When ready, it will be issued for comments by interested parties.

3. Part IX of the Schedule - Information required to be filed by an oil pipeline company applying for an exemption order for pipeline facilities under Section 49 of the Act.

This proposed new part of the Schedule is still being drafted. When ready, it will be issued for comments by interested parties.

4. Part X of the Schedule - Information on right-of-way matters required to be filed by an applicant for a certificate or an exemption order in respect of a gas or oil pipeline.

This proposed new part of the Schedule is being drafted. When ready, it will be issued for comments by interested parties. It will replace the equivalent portions of Parts I and II.

5. Changes as a result of Bill C-60 - Changes to the Rules have been circulated to interested parties for comments and are now being examined by the Department of Justice.

AMENDMENTS TO REGULATIONS

Amendments to the Board's regulations, in various stages of preparation, include the following:

1. Gas Pipeline Uniform Accounting Regulations -
Revised regulations to replace those which came into effect in 1969 were sent to 17 gas pipeline companies for comments and discussed with them at a meeting in Toronto in September 1981. The new regulations, as amended, were approved by the Board on 29 October 1981 and have been forwarded for review by the Legal Advisor of the Privy Council Office. Once finalized, they will be submitted for approval by the Governor in Council.
2. Oil Pipeline Regulations -
 - (a) By letter dated 12 August 1980, draft amendments to these regulations were sent to the industry for comments. The comments were duly received and revision is proceeding.
 - (b) An amendment to change the definition of "high vapour pressure pipeline" in order to ensure that such pipelines remain subject to the Oil Pipeline Regulations, notwithstanding the new definition of "gas" in the National Energy Board Act. Approved by the Governor in Council on 3 September 1982 (Order in Council PC 1982-2610).
3. Gas Pipeline Regulations -
Amendment under subsection 3(2) of the Act to redefine "pipeline" and add a new section to require that gas being transported in a liquid state be transported in a pipeline designed and constructed in accordance with Part X of the Oil Pipeline Regulations. Once signed by the Minister, they will be submitted for Governor in Council approval.
4. Bill C-60 Regulations -
The Substituted Service Regulations under Bill C-60 were distributed for comment on 6 May 1982. Comments were received and the regulations finalized and submitted to the Minister pending proclamation of the bill. Once signed by the Minister they will be submitted for approval by the Governor in Council.
5. Energy Administration Act Part I Regulations -
 - (a) Amendments to define terms and conditions under which oil export charge revenues will be shared by the Federal Government and the producing provinces. The regulations were approved by the Governor in Council on 21 October 1982 (Order in Council PC 1982-3189).

- (b) Transportation Fuel Compensation Recovery Regulations - Regulations required to implement Part I.1 of the Act (aviation fuel). Approved by the Governor in Council on 22 September 1982 (Order in Council PC 1982-2950). Similar regulations for marine fuel are in preparation.
- 6. Part VI Regulations -
 - (a) Amendments allowing the Board to authorize short-term exports of natural gas without a hearing. Approved by the Governor in Council on 18 November 1982 (Order in Council PC 1982- 3455).
 - (b) Amendment to increase the limits for authorizing exports of electric power without a public hearing. Approved by the Governor in Council on 25 November 1982 (Order in Council PC 1982-3584).
 - (c) Amendment requiring gas licence holders to file copies of all changes and amendments to gas sales contracts and agreements between exporters and importers and to prohibit any export of gas pursuant to those changes and amendments until the Board's approval has been obtained. Approved by the Governor in Council on 21 October 1982 (Order in Council PC 1982-3193).

TOLL ADJUSTMENT PROCEDURES

A draft order which would establish revised non-hearing procedures for routine toll adjustment applications by certain oil pipeline companies was sent to interested parties for review and comment. This order would revoke existing Board Orders TO-3-80 and TO-4-80 applicable to Interprovincial Pipeline Limited and Cochin Pipe Lines Ltd. and would make these procedures available for the first time to Trans Mountain Pipe Line Company Ltd. and Trans Northern Pipeline Inc. Comments from interested parties were received in October 1982. They are now under review.

REGULATION OF PIPELINES UNDER PART IV OF THE ACT

A major review of all matters related to the financial regulation of pipelines is being initiated. It will start with an examination of small pipelines.

REPORTS RECENTLY PUBLISHED

The following report prepared by the Board was released by the Minister of Energy, Mines and Resources on 10 November 1982:

The Pricing of Natural Gas in the Domestic Market, dated November 1981. The Board had been requested by the Minister to inquire into gas pricing matters including the necessity for developmental prices. The findings and recommendations contained in the report result from a public hearing conducted in August 1981.

APPOINTMENTS

On 14 September, the Board announced the appointment of Peter L. Miles as Chief Economist and Director of the Economics Branch. Dr. Miles was previously coordinator of the Labour Market Development Task Force at Employment and Immigration Canada.

STANDING PANELS

The Board's 1981 Annual Report included at page 13 a description of the powers and duties of the various standing panels of the Board and listed the membership of each. On 20 September 1982 the memberships were changed to the following:

PANEL	CHAIRMAN	MEMBERS		ALTERNATE
Oil	R.F. Brooks	J.R. Jenkins	J.R. Hardie	L.M. Thur
Gas	L.M. Thur	R.B. Horner	A.B. Gilmour	J. Farmer
Electrical	J. Trudel	R.F. Brooks	A.D. Hunt	L.M. Thur
Pipeline	J. Farmer	J.R. Jenkins	R.B. Horner	A.B. Gilmour
Financial Regulatory	J.R. Hardie	A.D. Hunt	J. Trudel	R.B. Horner

The Chairman of the Board is an ex-officio member of all panels.

The Northern Pipeline Panel is not listed above because it has since been disbanded and its duties shared among other panels.

INSTRUCTIONS FOR FILING

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa K1A 0E5. Applicants are requested to provide the following number of copies of their applications:

<u>Type of Application</u>	<u>No. of copies</u>
<u>Hearing</u>	
Pipeline certificate	35
Gas export licence	35
Pipeline rates	35
Electrical certificate or licence	30
Oil export licences (more than one year)	30
Authority to expropriate lands	15
<u>Non-Hearing</u>	
Pipeline exemption orders (Class B)	30
Pipeline blanket exemption (Class C)	15
Gas export orders	15
Tolls orders	15
Electrical orders	15
Oil export licences (up to one year)	1
Crossing orders (include 4 sets of drawings)	1
Leave to open	1

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

NATIONAL ENERGY BOARD



G. Yorke Slader,
Secretary.

For information, please telephone
Mr. Denis Sabourin, Information Officer
at (613) 593-6936



REGULATORY AGENDA

This document is published separately in the two official languages.

Ce document est publié séparément dans les deux langues officielles.

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PREFACE

The publication of this fourth issue marks the first anniversary of the Board's Regulatory Agenda, launched on 1 March 1982. The National Energy Board was the first agency in government to publish a regulatory agenda. The Atomic Energy Control Board followed suit in April, and on 11 January of this year Treasury Board President Herb Gray announced that, beginning in May 1983, all major regulating departments and agencies will be required to publish similar agendas.

The production of a regulatory agenda is but one of a number of government initiatives directed at regulatory reform. The National Energy Board has a Committee on Regulatory Process which studies and keeps under review regulatory processes, and recommends measures to improve the efficiency and effectiveness of the Board's regulations.

FUNCTIONS OF THE BOARD

The National Energy Board is a court of record. The Board's regulatory responsibilities encompass mainly the licensing of exports of oil and oil products, natural gas and gas products, and electricity and the import of gas and heavy fuel oil, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, the authorization for pipelines to cross or be crossed by public utilities, control of the safety of these pipelines, and the regulation of the tolls and tariffs of pipeline companies under federal jurisdiction. In addition the Board administers certain aspects of the Energy Administration Act (formerly the Petroleum Administration Act) and the Northern Pipeline Act.

The Board also advises the Government on matters relating to energy.

JURISDICTION

Except where otherwise noted, jurisdiction over the items enumerated in this Regulatory Agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1970, c. N-6.

RECENT DECISIONS ISSUED

Since the last edition of the Agenda, the following decisions have been rendered by the Board on applications examined in public hearings. In each case a copy of the Reasons for Decision is available from the Board on request.

1. Gas Export Omnibus 1982 - Reasons for Decisions in the Matters of Phases II and III of the Gas Export Omnibus Hearing, 1982 released 27 January 1983. The Board has authorized the export of an additional 12.2 exajoules of Western natural gas. This is less than half of the 26.5 exajoules requested by thirteen companies that took part in the Gas Export Omnibus Hearing held between March and November 1982. Dome Petroleum Ltd. will be granted a licence to export 2.4 exajoules of liquefied natural gas to Japan in the fifteen-year period 1986-2001. The remaining 9.8 exajoules will be exported to existing and new markets in the United States, mainly in the ten-year period 1985-1994. The licences authorizing the exports will come into effect on approval by the Governor in Council.

2. Cominco Ltd. - Reasons for Decision dated November 1982. Four licences issued authorizing the export of electric power for a five-year period.
3. The New Brunswick Electric Power Commission - Reasons for Decision dated December 1982. A licence was issued for the export of 130 MW of electric power generated at the Point Lepreau nuclear generating station. This licence had been denied in an earlier decision which had granted nine of ten licences requested.
4. Manito Pipelines Ltd. - Reasons for Decision dated December 1982. Orders issued fixing tolls effective 1 January 1983.

HEARING DECISIONS PENDING

A decision is pending on the following matter for which a public hearing has already been completed:

Trans Mountain Pipe Line Company Ltd. - Application for orders fixing tolls and tariffs for the transportation of crude oil.

Hearing Order RH-7-82.

Hearing commenced in Vancouver on 24 January 1983 and was completed on 27 January 1983.

HEARINGS IN PROGRESS

The following public hearings were in progress at the date of publication of this Agenda:

1. Arctic Pilot Project and TransCanada PipeLines Limited terminal.
Hearing Order GH-3-81.
Hearing commenced in Ottawa on 2 February 1982 on an application by APP for the export of natural gas transported from the Canadian Arctic in a liquefied state, LNG, and on an application by TransCanada for a southern terminal and regasification facilities. In July, at the request of APP, TransCanada applied for an adjournment of its application sine die, stating that possible sales of LNG to Europe might eliminate the need for a terminal in southern Canada. The Board granted the adjournment on 29 July. On 31 August 1982, the hearing on the overall APP application was also adjourned by the Board until the sponsors could decide whether the gas would be exported to U.S. or European markets. An application by APP for a review of this decision was denied on 4 November 1982.

2. Trans Québec & Maritimes Pipeline Inc. - Application for orders fixing tolls for the transportation of natural gas from St-Lazare to Lévis, Québec.
Hearing Order RH-4-82.
Hearing commenced in Ottawa on 30 November 1982. It was adjourned on 10 December 1982 and reconvened on 10 January 1983.

HEARINGS SCHEDULED

The following public hearing is scheduled to commence on the date indicated:

Westcoast Transmission Company Limited - Application for orders fixing new tolls for the transportation of natural gas.
Hearing Order RH-1-83
Hearing to commence in Vancouver on 19 April 1983.

HEARING APPLICATIONS FILED

The following applications have been filed with the Board, but dates have not yet been set for their hearing. All applications are available for examination in the Board's Library.

<u>Applicant</u>	<u>Date of Application</u>	<u>Type of Application</u>
1. Foothills Pipe Line (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Rim Gas Ltd.*	24 March 1982	Licence to export LNG
3. Carter Energy Limited*	31 March 1982	Licence to export LNG
4. TransCanada PipeLines Ltd.	29 October 1982	Certificate for Niagara facilities
5. Hydro-Québec	1 December 1982	Export of Power to New York State
6. TransCanada PipeLines Ltd.	31 January 1983	New tolls
7. Dome Petroleum Ltd.	22 February 1983	Facilities to export LNG

* Applications filed by Rim Gas Ltd. and Carter Energy Limited for licences to export LNG were withdrawn from the Gas Export Omnibus Hearing.

HEARINGS ON THE HORIZON

On the basis of advance information provided by companies, it appears probable that the following applications will be forthcoming which may lead to public hearings within the next twelve months:

<u>Company</u>	<u>Type of Application</u>
1. Westcoast Transmission Company Limited	Gas pipeline to Dome LNG facilities
2. Westcoast Transmission Company Limited	Gas pipeline to Vancouver Island
3. TransAlta Utilities Corporation	Export of power via B.C.
4. Hydro-Québec	Export of power to New England
5. TransCanada PipeLines Limited	Gas pipeline facilities
6. Dome Petroleum Ltd.	Tolls on LNG export facilities
7. Westcoast Transmission Company Limited	Tolls on gas pipeline to Dome LNG plant

INQUIRY INTO NCPC RATES

As part of a major review of federal energy policy in the North, the National Energy Board will undertake an inquiry into matters relating to the setting of electrical power rates by the Northern Canada Power Commission, at the request of the Minister of Indian Affairs and Northern Development. The inquiry will be held under Part II of the National Energy Board Act. The Board expects to conduct public hearings in the Yukon and Northwest Territories starting in June 1983.

NON-HEARING APPLICATIONS

The Board has before it a number of applications which do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, orders to amend export licences or certificates, orders to authorize the export of small amounts of natural gas or electricity, orders for toll adjustments, and licences to export oil or oil products and to import heavy fuel oil, for less than a year.

AMENDMENTS TO ACTS

Certain amendments to the National Energy Board Act are in various stages of enactment, as described below:

Bill C-60, which changes the expropriation and compensation procedures for pipeline rights of way, was passed by both the Senate and the House of Commons on 11 December 1981 and was given royal assent on 18 December 1981. Proclamation is expected on 1 March 1983.

Bill C-87, which authorizes the Governor in Council to appoint up to six temporary Board Members at any time, was passed by the Senate and the House on 18 December 1981 and given royal assent on the same day. It was proclaimed on 1 February 1983.

Bill C-108. Most sections of the bill were proclaimed on 23 July 1982. Sections 12, 13 and 32, which relate to international power lines and extend the Board's jurisdiction to designated interprovincial power lines, came into force on 1 February 1983.

A new Office Consolidation of the National Energy Board Act, incorporating all the above amendments, is expected to be issued shortly. In addition, a new Office Consolidation of the Energy Administration Act (formerly the Petroleum Administration Act) is now available from the Canadian Government Publishing Centre, Supply and Services Canada, Ottawa K1A 0S9.

AMENDMENTS TO RULES OF PRACTICE AND PROCEDURE

The following amendments to the National Energy Board Rules of Practice and Procedure are in various stages of preparation, as described below:

1. Parts I and II of the Schedule - Information required to be filed by an applicant for a certificate in respect of a gas pipeline or an oil pipeline.

Both Parts I and II are being reviewed for consistency in view of the changes proposed under Parts VIII, IX and X.

2. Part III of the Schedule - Information required to be filed by an applicant for a certificate to construct an international power line.

The proposed amendments to revise the information requirements are in the drafting stage. They will shortly be issued for comments by interested parties.

3. Part VII of the Schedule - Information required to be filed by an oil pipeline company applying for an order fixing tolls or tariffs under Part IV of the Act. Approved on 20 December 1982 (SOR/83-1)

4. Part VIII of the Schedule - Information required to be filed by a gas pipeline company applying for an exemption order for pipeline facilities under Section 49 of the Act.

This proposed new part of the Schedule is still being drafted. When ready, it will be issued for comments by interested parties.

5. Part IX of the Schedule - Information required to be filed by an oil pipeline company applying for an exemption order for pipeline facilities under Section 49 of the Act.

This proposed new part of the Schedule is still being drafted. When ready, it will be issued for comments by interested parties.

6. Part X of the Schedule - Information on right-of-way matters required to be filed by an applicant for a certificate or an exemption order in respect of a gas or oil pipeline.

This proposed new part of the Schedule is being drafted. When ready, it will be issued for comments by interested parties. It will replace the equivalent portions of Parts I and II.

7. Changes as a result of Bill C-60 - Changes to the Rules have been circulated to interested parties for comments and are now awaiting the proclamation of Bill C-60.

The Board is considering a complete revision of its existing Rules of Practice and Procedure with a view to standardizing and simplifying basic procedural structures. The new rules will provide guidance on the procedures commonly and predictably followed by the Board. Work on the new Rules of Procedure is at the preliminary drafting stage. They will be issued for public comment before being adopted.

AMENDMENTS TO REGULATIONS

Amendments to the Board's regulations, in various stages of preparation, include the following:

1. Gas Pipeline Uniform Accounting Regulations - Revised regulations to replace those which came into effect in 1969 were sent to 17 gas pipeline companies for comments and discussed with them at a meeting in Toronto in September 1981. The new regulations, as amended, were approved by the Board on 29 October 1981 and have been forwarded for review by the Legal Advisor of the Privy Council Office. Once finalized, they will be submitted for approval by the Governor in Council.

2. Oil Pipeline Regulations -

By letter dated 12 August 1980, draft amendments to these regulations were sent to the industry for comments. The comments were duly received and revision is proceeding.

3. Gas Pipeline Regulations -

Amendment under subsection 3(2) of the Act to redefine "pipeline" and add a new section to require that gas being transported in a liquid state be transported in a pipeline designed and constructed in accordance with Part X of the Oil Pipeline Regulations. Once signed by the Minister, they will be submitted for Governor in Council approval.

4. Bill C-60 Regulations -

The Substituted Service Regulations under Bill C-60 were distributed for comment on 6 May 1982. Comments were received and the regulations finalized and submitted to the Minister pending proclamation of the bill. They now await proclamation of Bill C-60.

5. Construction Cost and Toll Information Regulations -

Information to be furnished by companies that construct and operate a pipeline. The revised regulations, to replace the Toll Information Regulations which came into effect on 9 April 1979, are still being drafted. When ready, they will be issued for comments by interested parties.

6. Energy Administration Act Part I Regulations -

(a) Amendment to increase the amount of penalty payable for late payment of export charges to one-and-a-half percent per month from one percent of the amount in default. Once the submission has been sent to the Minister for signature, it will go to the Governor in Council for approval.

(b) Transportation Fuel Compensation Recovery Regulations - Regulations required to implement Part I.1 of the Act (aviation fuel). Approved by the Governor in Council on 22 September 1982 (Order in Council PC 1982-2950). Similar regulations for marine fuel are in preparation.

7. Part VI Regulations -

(a) Amendments, in Sections 2(1) and 16(4), to the definition of electric power and energy so as to comply with the standard rules applicable to the International System of Units and provide clarification on the method to be employed for measurement of electric power and energy for purposes of regulation. They will shortly be sent to the Governor in Council for approval.

- (b) Amendments to Section 6 concerning the information required in an application for a licence to export electricity. The proposed amendments to revise the information requirements are in the drafting stage. They will shortly be issued for comments by interested parties.

8. Records Retention Requirements -

The following seven regulations are being amended to conform with the new categories established by Cabinet for the length of time the private sector is required to retain records kept pursuant to federal legislation:

(a) National Energy Board Act:

- Pipeline Companies Records Preservation Regulations
- Gas Pipeline Uniform Accounting Regulations
- Oil Pipeline Uniform Accounting Regulations
- Gas Pipeline Regulations
- Oil Pipeline Regulations
- National Energy Board Part VI Regulations

(b) Energy Administration Act:

- Part III Regulations

The amendments were approved by the Board on 23 December 1982 and will shortly be submitted to the Governor in Council for approval.

TOLL ADJUSTMENT PROCEDURES

A draft order which would establish revised non-hearing procedures for routine toll adjustment applications by certain oil pipeline companies was sent to interested parties for review and comment. This order would revoke existing Board Orders TO-3-80 and TO-4-80 applicable to Interprovincial Pipeline Limited and Cochin Pipe Lines Ltd. and would make these procedures available for the first time to Trans Mountain Pipe Line Company Ltd. and Trans Northern Pipeline Inc. Comments from interested parties were received in October 1982. They are now under review.

LICENSING OF LIGHT CRUDE OIL EXPORTS

The Board has announced that it will consider applications for licences to export limited quantities of light crude oil over the period March through December.

REGULATION OF PIPELINES UNDER PART IV OF THE ACT

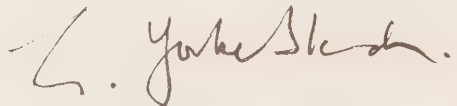
A major review of all matters related to the financial regulation of pipelines is being initiated. It will start with an examination of small pipelines.

INSTRUCTIONS FOR FILING

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa K1A 0E5. The required number of copies of applications are listed in the Board's Regulatory Agenda of 1 December 1982.

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

NATIONAL ENERGY BOARD



G. Yorke Slader,
Secretary.

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REGULATORY AGENDA

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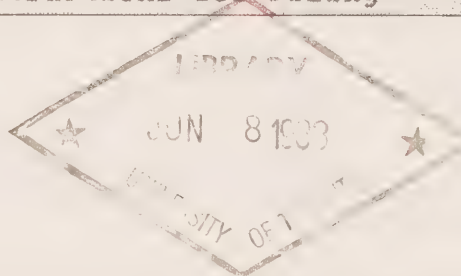
Ce document est publié séparément dans les deux langues officielles.

Issue No. 5

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PREFACE

This edition of the Regulatory Agenda is the fifth issue of the Board's agenda which is published quarterly.

Although the regulatory agendas of various government departments and agencies including the Board are being published together as a Supplement to the Canada Gazette Part I, the Board will nonetheless continue to distribute its own quarterly agenda free of charge to those who request it.

FUNCTIONS OF THE BOARD

The National Energy Board is a court of record. The Board's regulatory responsibilities encompass mainly the licensing of exports of oil and oil products, natural gas and gas products,

and electricity, and of imports of gas and heavy fuel oil; the certification of interprovincial and international pipelines and designated interprovincial and international power lines; the authorization for pipelines to cross or be crossed by public utilities; the control of the safety of these pipelines; and the regulation of the tolls and tariffs of pipeline companies under federal jurisdiction. In addition the Board administers certain aspects of the Energy Administration Act (formerly the Petroleum Administration Act) and the Northern Pipeline Act.

The Board also advises the Government on matters relating to energy.

JURISDICTION

Except where otherwise noted, jurisdiction over the items enumerated in this Regulatory Agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1970, c. N-6.

RECENT DECISIONS ISSUED

Since the last edition of the Agenda, the following decision has been rendered by the Board.

1. Trans Mountain Pipe Line Company Ltd. - Reasons for Decision dated April 1983. Orders fixing tolls effective 1 April 1983, issued 31 March 1983. Reasons for Decision released 29 April 1983.

HEARING DECISIONS PENDING

A decision is expected to be issued in June on the following matter for which a public hearing has already been completed:

1. Trans Québec & Maritimes Pipeline Inc. - Application for orders fixing tolls for the transportation of natural gas from Saint-Lazare to Lévis, Québec.
Hearing Order RH-4-82
Hearing commenced in Ottawa on 30 November 1982, adjourned on 10 January 1983, reconvened on 10 January and completed on 10 March 1983. Reasons for Decision scheduled for release in the first half of June.

HEARINGS IN PROGRESS

The following public hearings were in progress at the date of publication of this Agenda:

1. Arctic Pilot Project and TransCanada PipeLines Limited
Hearing Order GH-3-81
This hearing stands adjourned since 31 August 1982.

2. TransCanada PipeLines Limited - Application for orders fixing tolls for the transportation of natural gas from the Alberta border to eastern Canada effective 1 August 1983.
Hearing Order RH-2-83
Hearing commenced in Ottawa on 17 May 1983.
3. Westcoast Transmission Company Limited - Toll Hearing for 1983.
Hearing Order RH-1-83
Hearing commenced in Vancouver, B.C., on 19 April 1983 and resumed in Hull on 16 May. It was expected to be completed in the week of 30 May.

HEARINGS SCHEDULED

The following public hearings are scheduled to commence on the date indicated:

1. Northern Canada Power Commission Rates - As part of a major review of federal energy policy in the North, the National Energy Board will undertake an inquiry into matters relating to the setting of electrical power rates by the Northern Canada Power Commission, at the request of the Minister of Indian Affairs and Northern Development. The inquiry will be held under Part II of the National Energy Board Act. The Board will be conducting public hearings in the Yukon and Northwest Territories.
Hearing Order EHR-1-83
Hearing to commence in Whitehorse on 6 June 1983.
2. Dome Petroleum Limited - Application for a Certificate of Public Convenience and Necessity for facilities to manufacture liquefied natural gas for export to Japan.
Hearing Order GH-1-83
Hearing adjourned until 17 October 1983.
3. Hydro-Québec - Application for four licences to export power and energy to New York State.
Hearing Order EH-1-83
Hearing to commence no earlier than 1 August 1983.

HEARING APPLICATIONS FILED

All applications filed with the Board are available for examination in the Board's Library.

The following applications have been filed with the Board, but dates have not yet been set for their hearing.

<u>Applicant</u>	<u>Date of Application</u>	<u>Type of Application</u>
1. Foothills Pipe Line (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. TransCanada PipeLines Ltd.	29 October 1982	Certificate for Niagara facilities
3. Hydro-Québec	15 April 1983	Certificate for power line and licences to export power to New England
4. New Brunswick Electric Power Commission	20 May 1983	Application to extend two existing licences by one year.
5. Westcoast Transmission Company Limited	20 May 1983	Gas pipeline to Dome LNG facilities

HEARINGS ON THE HORIZON

On the basis of advance information provided by companies, it appears probable that the following applications will be forthcoming which may lead to public hearings within the next twelve months:

<u>Company</u>	<u>Type of Application</u>
1. Westcoast Transmission Company Limited	Gas pipeline to Vancouver Island
2. TransAlta Utilities Corporation	Export of power via B.C.
3. TransCanada PipeLines Limited	Gas pipeline facilities
4. Dome Petroleum Ltd. and Westcoast Transmission Company Limited	Tolls on LNG export facilities and gas pipeline to Dome LNG plant
5. Polar Gas Limited	Gas pipeline from Mackenzie Delta, Beaufort and Arctic Islands
6. British Columbia Hydro & Power Authority	Renew Licences to export power and energy
7. Interprovincial Pipe Line	Tolls on pipeline system
8. Mobil Oil Canada Ltd.	Gas pipeline from Sable Island and export to U.S.

HEAVY FUEL OIL INQUIRY

The Board held a public inquiry from 25 April to 5 May 1983, on the exportation and importation of heavy fuel oil in eastern Canada. Certain natural gas distributors and other parties have expressed concerns about the effect of heavy fuel oil imports on the marketing of natural gas. The hearing was held to obtain the views of interested parties on related matters including the extent to which the availability of heavy fuel oil in Quebec and the Atlantic Provinces might affect the marketing of natural gas. A report is expected to be issued by mid-June.

NON-HEARING APPLICATIONS

The Board has before it a number of applications which do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, orders to amend export licences or certificates, orders to authorize toll adjustments, and licences to export oil or oil products and to import heavy fuel oil, for less than a year (see Amendments to Regulations, item 8(d) below).

AMENDMENTS TO ACTS

All amendments to the National Energy Board Act described in the last issue of this Agenda have now been passed and proclaimed.

A new Office Consolidation of the Act, dated March 1983, has been printed. Copies are available from the Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, K1A 0S9 (Price: Canada \$2.75; other countries \$3.30).

AMENDMENTS TO RULES OF PRACTICE AND PROCEDURE

The following amendments to the National Energy Board Rules of Practice and Procedure are in various stages of preparation, as described below:

1. Parts I and II of the Schedule - Information required to be filed by an applicant for a certificate in respect of a gas pipeline or an oil pipeline.

These two revised parts are being sent to interested parties for comments along with the proposed new Parts VIII, IX and X of the Schedule described below.

2. Part III of the Schedule - Information required to be filed by an applicant for a certificate to construct an international power line.

Comments by interested parties have been received and are under staff review.

3. Part VII of the Schedule - Information required to be filed by an oil pipeline company applying for an order fixing tolls or tariffs under Part IV of the Act. (SOR/83-1 dated 20 December 1983).

4. Part VIII of the Schedule - Information required to be filed by a gas pipeline company applying for an exemption order for pipeline facilities under Section 49 of the Act.

This revised part of the Schedule is being sent to interested parties for comments.

5. Part IX of the Schedule - Information required to be filed by an oil pipeline company applying for an exemption order for pipeline facilities under Section 49 of the Act.

This revised part of the Schedule is being sent to interested parties for comments. It will replace the equivalent portions of Parts I and II.

6. Part X of the Schedule - Information on right-of-way matters required to be filed by an applicant for a certificate or an exemption order in respect of a gas or oil pipeline.

This revised new part of the Schedule is being sent to interested parties for comments. It will replace the equivalent portions of Parts I and II.

7. Changes as a result of Bill C-60 - Changes to the Rules became effective with the proclamation of Bill C-60 (SOR/83-207 dated 3 March 1983).

8. Pipeline Arbitration Committee Procedure Rules - While these are not the Board's rules they were issued under the NEB Act (SOR/83-192 dated 25 February 1983).

In addition to the foregoing the Board is considering a complete revision of its existing Rules of Practice and Procedure with a view to standardizing and simplifying basic procedural structures. The new rules will provide guidance on the procedures commonly and predictably followed by the Board. Work on the new Rules of Procedure is at the drafting stage. They will be issued for public comment before being adopted.

AMENDMENTS TO REGULATIONS

Amendments to the Board's regulations, in various stages of preparation, include the following:

1. Gas Pipeline Uniform Accounting Regulations -
 - a) Revised regulations to replace those which came into effect in 1969 have been approved by Governor in Council (SOR/83-190 dated 25 February 1983).
 - b) Review of examination procedures which would require a report from a company's external auditor expressing an opinion with respect to compliance with the Gas Pipeline Uniform Accounting Regulations to be submitted each year within 90 days after the Company's fiscal year.

The proposed amendment has been distributed to interested parties for comments.

2. Oil Pipeline Regulations and Gas Pipeline Regulations -

A review of these two sets of regulations has been initiated and by letter dated 7 April 1983, industry has been invited to submit comments by 31 May 1983.
3. Gas Pipeline Regulations -

Amendment to redefine "pipeline" and add a new section to require that gas being transported in a liquid state be transported in a pipeline designed and constructed in accordance with Part X of the Oil Pipeline Regulations. They were approved by Governor in Council on 24 March 1983.
4. Substituted Service Regulations -

The Substituted Service Regulations under Bill C-60 have been approved by Governor in Council (SOR/83-191 dated 25 February 1983).
5. Construction Cost and Toll Information Regulations -

Information to be furnished by companies that construct and operate a pipeline. The revised regulations, to replace the Toll Information Regulations which came into effect on 9 April 1979, are still being drafted. When ready, they will be issued for comments by interested parties.
6. Energy Administration Act Part I Regulations -

In his budget of 19 April 1983, the Honourable Marc Lalonde announced that the Transportation Fuel Compensation Recovery Program would cease effective 1 May 1983. The following regulations and amendments dealing with this program were approved by the Governor in Council on 28 April 1983:

(i) Energy Administration Act

- Marine Transportation Fuel Compensation Recovery Charge
 - implements Part I.1 of the Energy Administration Act with regard to marine fuel, retroactive to 1 May 1981 (SOR/83-390 dated 28 April 1983).
- Marine Transportation Fuel Exemption Order
 - exempts specified exports of marine transportation fuel from the transportation fuel compensation recovery charge imposed under Part I.1 of the Energy Administration Act, retroactive to 1 May 1981 (SOR/83-404 dated 28 April 1983).
- Tariff of Charges for Exported Transportation Fuel Order - Amendment
 - abolishes the transportation fuel compensation recovery program effective 1 May 1983 (SOR/83-389 dated 28 April 1983).

(ii) National Energy Board Act

- Export Price (Aviation Fuel) Regulations
 - abolishes the minimum export price on aviation fuel effective 1 May 1983 (SOR/83-394 dated 28 April 1983).
- Part VI Regulations
 - abolishes the requirement for an export licence for fuels acquired in Canada for consumption by aircraft and ships engaged in international transportation (SOR/83-393 dated 28 April 1983).

7. Pursuant to Section 85(2) of the National Energy Board Act, the Board has made the "Gas Export Prices Regulations" to prescribe the price of natural gas exported under the authority of the Part VI Regulations. These Regulations are the direct result of the Minister's announcement of a change of the export price effective 11 April 1983. These Regulations were approved by Governor in Council 11 April 1983.

8. Part VI Regulations -

- (a) Amendments, in Sections 2(1) and 16(4), to the definition of electric power and energy so as to comply with the standard rules applicable to the International System of Units and provide clarification on the method to be employed for measurement of electric power and energy for purposes of regulation. They will shortly be sent to the Governor in Council for approval.

- (b) Section 14 has been revoked, deleting a periodic export price review and adjustment procedure, which is now encompassed by Section 85 of the NEB Act. The amendment was approved by the Board on 24 March 1983 and received Governor in Council approval on 26 May 1983 (P.C. 1983-1523).
- (c) Amendments to Section 6 concerning the information required in an application for a licence to export electricity. Comments by interested parties have been received and are under staff review.
- (d) Amendment to Section 27. The proposed amendment would eliminate the requirement of a hearing for the issue of licences for more than one year for the export of all products produced under an agreement to process imported crude oil. Under consideration by the Department of Energy, Mines and Resources.

9. Records Retention Requirements -

The following seven regulations have been amended to conform with the new categories established by Cabinet for the length of time the private sector is required to retain records kept pursuant to federal legislation:

- (a) Under the National Energy Board Act:
 - Pipeline Companies Records Preservation Regulations
 - Gas Pipeline Uniform Accounting Regulations
 - Oil Pipeline Uniform Accounting Regulations
 - Gas Pipeline Regulations
 - Oil Pipeline Regulations
 - National Energy Board Part VI Regulations
- (b) Under the Energy Administration Act:
 - Part III Regulations

The amendments were approved by the Board on 23 December 1982 and by the Governor in Council (SOR/83-247 dated 21 March 1983).

10. Gas Export Orders - The Board has issued a Memorandum of Guidance dated 8 April 1983, file 132-4, setting out the basic information required with applications for short-term orders to export natural gas.

TOLL ADJUSTMENT PROCEDURES

A draft order which would establish revised non-hearing procedures for routine toll adjustment applications by certain oil pipeline companies was sent to interested parties for review and comment. This order would revoke existing Board

Orders TO-3-80 and TO-4-80 applicable to Interprovincial Pipeline Limited and Cochin Pipe Lines Ltd. and would make these procedures available for the first time to Trans Mountain Pipe Line Company Ltd. and Trans Northern Pipeline Inc. Comments from interested parties were received in October 1982. They are under review.

APPOINTMENTS

On 24 March 1983 the Governor in Council approved the following two appointments:

1. Mr. William G. Stewart as a Member of the Board. Mr. Stewart was President and Chief Executive Officer of Union Gas Limited from 1974 until 1979. Prior to joining the Board he was Senior Advisor, Corporate Affairs with Richardson Greenshields of Canada Limited.
2. Mr. Edward S. Bell as a temporary Member of the Board. His term is from 1 April 1983 for six months or until the Board submits its report on the inquiry into the rates of the Northern Canada Power Commission, on which inquiry Mr. Bell will sit as a member of the panel. During this temporary appointment, Mr. Bell has relinquished his regular staff duties as Director of the Board's Electric Power Branch.

The Board also announced effective 1 June 1983 the appointment of Mr. Lorne Carrier as the Director, Financial Regulatory Branch. Mr. Carrier, who is a Chartered Accountant, has held senior financial positions in a number of organizations including Halco Inc., Alberta Energy Co., Brinco Ltd., Churchill Falls (Labrador) Corp., and Coopers and Lybrand.

REPORTS AND SPEECHES

1. The Board's 1982 Annual Report was tabled in the House of Commons on 3 May 1983. The Annual Report summarizes the Board's functions, responsibilities and activities during calendar year 1982.
2. On 29 March 1983 the National Energy Board issued a report setting forth the particulars of each oil export licence and each heavy fuel oil import licence issued in 1982, including volumes of oil licensed.
3. In April, the Board issued a report entitled "Canadian Electric Utilities - Analysis of Generation and Trends 1981". The report covers the generation of electric energy by Canadian electrical utilities during the calendar year 1981, and gives Canadian totals with the provincial breakdown together with an analysis of fuel consumption and thermal generating plant heat rates.

Copies of the above reports are available by writing to the Secretary of the Board.

The following speeches, delivered during the last three months, are available from the Secretary's Office:

"Notes for Remarks to a Joint Conference of the World Federation of Pipeline Contractors and the Pipe Line Contractors Association of Canada". C.G. Edge, Chairman. Maui, Hawaii, 1 April 1983.

"Demand, Supply, Surplus and Matters Pertaining to the Export of Canadian Natural Gas" (Northeast International Committee on Energy). C.G. Edge, Chairman. Quebec City, 28 April 1983.

"Energy and Energy Transportation: The Market, the Industry and Public Policy" (Third Annual Symposium sponsored by Ernst & Whinney). C.G. Edge, Chairman. Napa Valley, California, 1-4 May 1983.

"Background on Recent NEB Recommendations on Natural Gas Exports" (Seminar on Understanding Oil & Gas Policies & Regulations). K.W. Vollman, Director General, Energy Studies. Calgary, Alberta, 4 May 1983.

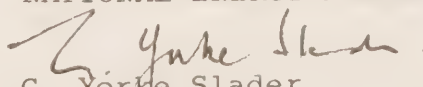
It is expected that Mr. Vernon Horte, as the single-member task force on pipeline construction costs, appointed by the Hon. Jean Chrétien, Minister of Energy, Mines & Resources on 30 August 1982, will complete his report by the end of June. Mr. Horte's mandate is to find practical and effective ways of reducing pipeline costs.

INSTRUCTIONS FOR FILING

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa K1A 0E5. The required number of copies of applications are listed in the Board's Regulatory Agenda of 1 December 1982.

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

NATIONAL ENERGY BOARD


G. York Slader,
Secretary.

For information, please telephone
Ann Sicotte,
Information Services
(613) 593-6036



REGULATORY AGENDA

This document is also available in French

Ce document est également publié en français.

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Preface

This is the sixth issue of the Board's Regulatory Agenda, which is published quarterly.

The purpose of the Agenda is to provide advance notice of forthcoming regulatory actions and information on the status of ongoing proceedings.

Functions of the Board

The National Energy Board is a court of record. The Board's regulatory responsibilities encompass mainly the licensing of exports of oil and oil products, natural gas and gas products, and electricity, and the licensing of imports of gas and heavy fuel oil; the certification of interprovincial and international pipelines and designated interprovincial and international power lines; the authorization for pipelines to cross or be crossed by public utilities; the control of the safety of these pipelines; and the regulation of the tolls and tariffs of pipeline companies under federal jurisdiction. In addition, the Board administers certain aspects of the Energy Administration Act and the Northern Pipeline Act.

The Board also advises the Government on matters relating to energy.

Jurisdiction

Except where otherwise noted, jurisdiction over the items listed in this Regulatory Agenda is exercised

pursuant to the National Energy Board Act, R.S.C. 1970, c. N-6. An Office Consolidation of the Act, dated March 1983, is available from the Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, K1A 0S9 (Price: Canada \$2.75; other countries \$3.30).

Recent Hearing Decisions Issued

Since the last edition of the Agenda, the following decisions have been rendered by the Board as a result of public hearings.

1. Trans Québec & Maritimes Pipeline Inc. - Reasons for Decision dated June 1983 released 8 June 1983. Tariff orders issued to fix tolls effective 1 July 1983.
2. Public Inquiry Into Heavy Fuel Oil Imports into and Exports from Eastern Canada - Report dated June 1983, released 21 June 1983.
3. TransCanada PipeLines Limited - Reasons for Decision dated June 1983, released 14 July 1983. Tariff orders issued for new tolls effective 1 August 1983.
4. Westcoast Transmission Company Limited - Reasons for Decision dated August 1983, released 18 August 1983. Tariff orders issued to fix tolls effective 1 January 1983 and 1 September 1983.
5. The New Brunswick Electric Power Commission - Reasons for Decision dated July 1983, released

18 August 1983. Orders issued amending two electrical licences to extend their term by one year. The orders require Governor in Council approval.

Hearing Decisions Pending

A decision is pending on the following matter for which a public hearing has already been completed:

1. Northern Canada Power Commission Rates - As part of a major review of federal energy policy in the North, the National Energy Board undertook an inquiry into matters relating to the setting of electrical power rates by the Northern Canada Power Commission, at the request of the Minister of Indian Affairs and Northern Development. The inquiry was held under Part II of the National Energy Board Act. The Board conducted public hearings in the Yukon and Northwest Territories.

Hearing Order EHR-1-83

The hearings commenced in Whitehorse on 6 June 1983 and concluded in Yellowknife on 13 July 1983. The Board's report will be completed in the Fall.

Hearings in Progress

1. Arctic Pilot Project and TransCanada PipeLines Limited

Hearing Order GH-3-81

Adjourned since 31 August 1982. By letter dated 8 June 1983, the Board directed the APP sponsors to submit their views by 1 December 1983 on the future conduct of the proceedings; in particular to address whether the current status should be maintained or whether the proceedings should be discontinued.

2. Interprovincial Pipe Line Limited - The Township of Flamborough requested a review of a Board decision to permit Interprovincial to locate propane terminal facilities in the Flamborough area. The Board decided to hold a hearing to receive the submissions of interested parties on the location of the facilities.

Hearing Order MH-1-83

The hearing commenced in Burlington, Ontario on 16 August 1983, and on 19 August was adjourned until 28 September 1983.

Hearings Scheduled

The following public hearings are scheduled to commence on the dates indicated:

Dome Petroleum Limited - Application for a Certificate of Public Convenience and Necessity for facilities to manufacture liquefied natural gas for export to Japan.

Hearing Order GH-1-83

Proceedings adjourned until 17 October 1983.

2. Hydro-Québec - Application for four licences to export power and energy to the New York Power Authority (NYPA), formerly known as the Power Authority of the State of New York (PASNY), and to Niagara Power Corporation.

Hearing Order EH-1-83

Hearing to commence in Montreal 19 September 1983.

Hearing Applications Filed

All applications filed with the Board are available for examination in the Board's Library.

The following applications have been filed with the Board, but dates have not yet been set for their hearing:

Applicant	Date of Application	Application
1. Foothills Pipe Line (Yukon) Ltd.	29 June 79	Certificate for Dempster Lateral
2. TransCanada PipeLines Limited	29 Oct. 82	Certificate for Niagara facilities
3. Hydro-Québec	15 Apr. 83	Certificate for power line and licences to export power to New England
4. Westcoast Transmission Company Limited	20 May 83	Gas pipeline to Dome LNG facilities
5. Trans Quebec & Maritimes	26 Aug. 83	1984 tolls on natural gas pipeline system

Hearings on the Horizon

On the basis of advance information provided by companies, it appears probable that the following applications will be forthcoming which may lead to public hearings within the next twelve months:

Company	Type of Application
1. Interprovincial Pipe Line Limited	Tolls on oil pipeline system
2. Westcoast Transmission Company Limited	Method of Setting Tolls
3. Westcoast Transmission Company Limited	Gas pipeline to Vancouver Island
4. British Columbia Hydro & Power Authority	Renew Licences to export power and energy
5. TransAlta Utilities Corporation	Export of power via B.C.
6. TransCanada PipeLines Limited	Gas pipeline facilities
7. Dome Petroleum Ltd. and Westcoast Transmission Company Limited	Tolls on LNG export facilities and on gas pipeline to Dome LNG plant
8. Polar Gas Limited	Gas pipeline from Mackenzie Delta, Beaufort and Arctic Islands

- | | |
|---|---|
| 9. Mobil Oil Canada Ltd. and Sable Gas Systems Ltd. | Gas pipeline from Sable Island and export to U.S. |
| 10. The New Brunswick Electric Power Commission | Export of power from Lepreau II |

Non-Hearing Applications

The Board has before it a number of applications which do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, orders to amend export licences or certificates, orders to authorize toll adjustments, and licences to export oil or oil products and to import heavy fuel oil, for less than a year.

Amendments to Rules of Practice and Procedure

The National Energy Board has undertaken a major revision of its Rules of Practice and Procedure with a view to standardizing and simplifying basic procedural requirements. The new Rules of Procedure provide guidance on the procedures commonly and predictably followed by the Board. A draft of the Rules has been released for public comment under cover of a letter dated 7 July 1983. Comments are to be received by 30 September 1983.

In addition, the Board is reviewing Parts of the Schedule to the Rules, listing the information required to be filed by applicants for authorization of pipeline facilities as follows:

Part	New or Revised	Instrument Applied For	Section of Act	Type of Pipeline
I	Revised	Certificate	44	Gas
II	Revised	Certificate	44	Oil
VIII	New	Order	49	Gas
IX	New	Order	49	Oil
X	New	Certificate or Order	44 or 49	Gas or Oil

Comments by interested parties on these revised requirements have been received and are under review.

The Board is drawing up its requirements for the preparation of plans, profiles, and books of reference for power lines under its jurisdiction. This action arises from subsection 41 of the National Energy Board Act, which extends to international power lines the requirement for the filing of plans, profiles and books of reference.

Amendments to Regulations

Amendments to the Board's regulations, in various stages of preparation, include the following:

1. Gas Pipeline Uniform Accounting Regulations - This amendment would require a company's external auditor to provide an opinion annually with respect to compliance with the Gas Pipeline Uniform Accounting Regulations.

The proposed amendment was distributed to interested parties and their comments are now being reviewed.

2. Oil Pipeline Regulations and Gas Pipeline Regulations - A review of these two sets of regulations has been initiated and, by letter dated 7 April 1983, industry was invited to submit comments. They are now under review.
3. Construction Cost and Toll Information Regulations - Information to be furnished by companies that construct and operate a pipeline. The revised regulations, to replace the Toll Information Regulations which came into effect on 9 April 1979, are still being drafted. When ready, they will be issued for comments by interested parties.
4. Part VI Regulations -
 - (a) Amendments, in Sections 2(1) and 16(4), to the definition of electric power and energy so as to comply with the standard rules applicable to the International System of Units and provide clarification on the method to be employed for measurement of electric power and energy for purposes of regulation. They will shortly be sent to the Governor in Council for approval.
 - (b) Amendments to Section 6 concerning the information required in an application for a licence to export electricity. Comments by interested parties have been received and are under review.
 - (c) Amendment to Section 27. The proposed amendment would eliminate the requirement of a hearing for the issue of licences for more than one year for the export of oil products produced under an agreement to process imported crude oil. Under consideration by the Department of Energy, Mines and Resources.

The following amendments have been approved by the Governor in Council:

5. Oil Pipeline Regulations - Amendment to Section 133 of the Oil Pipeline Regulations to delineate those provisions of the Regulations applicable to new high vapour pressure pipelines and those applicable to existing high vapour pressure pipelines for which a certificate had been issued before 1 May 1983. The amendment was approved by the Governor in Council on 30 June 1983 (P.C. 1983-2026, SOR/83-569 dated 4 July 1983).
6. Gas Export Prices Regulations - Amendment to the Gas Export Prices Regulations to incorporate a Volume Related Incentive Pricing

Program (VRIP). Approved by the Governor in Council on 5 July 1983 (P.C. 1983-2051, SOR/83-579 dated 5 July 1983).

Natural Gas Prices Regulations, 1981 - (Energy Administration Act) Amendments to incorporate the increase in TransCanada's pipeline tolls, the increase in the Alberta Border Price on 1 August 1983, and the recent revocation of Licence GL-6. Approved by Governor in Council on 27 July 1983 (P.C. 1983-2327, SOR/83-610 dated 28 July 1983).

Regulations Published

The following Regulations which were noted in the last Regulatory Agenda as having received Governor in Council approval have now been published in the Canada Gazette and are available from the Canadian Government Publishing Centre:

Gas Pipeline Regulations (page 7 of Agenda No. 5)	SOR/83-276 dated 25 March 83
Gas Export Prices Regulations (page 8 of Agenda No. 5)	SOR/83-332 dated 11 April 83
Revocation of Section 14 of Part VI Regulations (page 9 of Agenda No. 5)	SOR/83-474 dated 26 May 83

Toll Adjustment Procedures

On 17 August 1982 a draft order to establish revised non-hearing procedures for routine toll adjustment applications by certain oil pipeline companies was sent to interested parties for review and comment. Comments from interested parties were received in October 1982. A revision of these procedures has been deferred pending a complete revision of the Board's existing Rules of Practice and Procedures.

Standing Panels

The Board's 1982 Annual Report included at page 5 a description of the powers and duties of the various standing panels of the Board and listed the membership of each. On 2 August 1983 the memberships were changed to the following:

Panel	Chairman	Members	Alternate
Oil	J.R. Hardie	J.R. Jenkins R.B. Horner	J.L. Trudel
Gas	L.M. Thur	R.B. Horner A.B. Gilmour	J. Farmer
Electrical	R.F. Brooks	A.D. Hunt J.L. Trudel	W.G. Stewart
Pipeline	J. Farmer	J.R. Jenkins A.B. Gilmour	W.G. Stewart
Financial Regulatory	A.D. Hunt	J.R. Hardie W.G. Stewart	R.B. Horner

The Chairman of the Board is an ex-officio member of all panels.

Ad Hoc Committees on Pipelines

The Board has recently established two ad hoc committees on the regulation of pipelines, one to deal with tolls and tariffs and the other with construction.

Reports and Speeches

1. Review of Portland-Montreal Pipeline System - Published by the National Energy Board in May 1983. This report examines the longer term need for the Portland-Montreal pipeline system which is the primary means by which foreign crude oil is made available to Montreal refineries.
2. Pipeline Regulation and Inflation - Published by the Centre for the Study of Regulated Industries, McGill University. This report is based on the proceedings of a conference sponsored by the National Energy Board and McGill University in November 1982. It may be purchased at a cost of \$30.00 from the Centre for the Study of Regulated Industries, McGill University, Montreal, Quebec, H3A 2T7.
3. A Discussion of the Cost Benefit Methodology Used in the Gas Export Omnibus Hearing, 1982 - Economics Branch and Energy Supply Branch, June 1983. This paper was given at a seminar jointly sponsored by the Canadian Energy Research Institute and the Board in June 1983. (The proceedings of the seminar will be published in due course.)
4. Staff Study of the Cost to Pipeline Companies of N.E.B. Regulation of Pipeline Construction - The Case of the North Bay Shortcut, June 1983 - This report examines the costs imposed by regulatory requirements on TransCanada PipeLines Limited in the construction of the North Bay Shortcut.

The following speeches were delivered by the Chairman and other Members of the National Energy Board:

"Notes on Regulatory Reform for Discussion at the Conference Board Meeting". Livia M. Thur, Associate Vice-Chairman. Banff, Alberta, 3-4 June 1983.

"The Investment Climate for Energy Projects in Canada". C. Geoffrey Edge, Chairman. Annual Convention of the Society of International Treasurers. Toronto, Ontario, 6 June 1983.

"Opening Remarks to the International Conference on Pipeline Inspection". C. Geoffrey Edge, Chairman. Edmonton, Alberta, 13 June 1983.

"Inspection on the Norman Wells Project". Jacques Farmer, Associate Vice-Chairman. International Conference on Pipeline Inspection. Edmonton, Alberta, 13 June 1983.

"The Task Ahead: A Canadian Federal Regulator's Perspective".

Ralph F. Brooks, Vice-Chairman. Twenty-third Annual International Conference of the Canadian Nuclear Association. Montreal, Quebec, 14 June 1983.

"Canada/United States Trade in Natural Gas - A Perspective on the Past, Present and Future". C. Geoffrey Edge, Chairman. 1983 Energy Policy Forum. Aspen Meadows Terrace, Aspen, Colorado, 1 August 1983.

Information Bulletins

The Board is planning the publication of a series of Information Bulletins commencing this Fall to describe its activities and procedures. The Bulletins will be issued on a monthly basis and distributed by means of the Board's general mailing list.

Microfiche Copies

The following N.E.B. documents are available for purchase in microfiche form from:

Micro-Can
1735 Courtwood Cres.
Ottawa, Ontario
K2C 3J2 (613) 226-2471

1. Applications submitted for the Arctic Pilot Project Hearing. (GH-3-81).
2. Applications submitted for the Gas Export Omnibus Hearing. (GH-6-81).
3. Natural Gas and Gas Products Statistics. Gas Branch.

On-line Access

The NEB Act, the Rules of Practice and Procedure, and most of the regulations are now available through on-line computer access from:

QL Systems Ltd.
112 Kent Street
Ottawa, Ontario
K1P 5P2 (613) 238-3499

Access to Information Act and Privacy Act

The Access to Information Act and the Privacy Act were proclaimed on 1 July 1983. The Access to Information Act provides Canadians with the right to examine or obtain copies of records from the federal government. The Privacy Act enables people to get information stored about themselves in government files and guarantees individuals against the release of private information about them to other parties.

A government institution receiving a request for information under the Access to Information Act must respond within 30 days. There is an application fee of

\$5.00 which must accompany the request, and a schedule of charges for photocopying, searching, duplication of computer files, and computer programming. Requests are to be made to the Secretary of the Board.

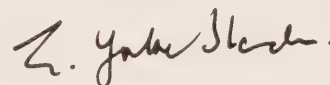
The Board expects that in most cases it will not be necessary to apply formally to obtain information. The Board has always endeavoured to respond promptly to requests for information, and the public is encouraged to continue to seek information informally.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa K1A 0E5. The required number of copies of applications are listed in the Board's Regulatory Agenda of 1 December 1982.

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

NATIONAL ENERGY BOARD



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NATIONAL ENERGY BOARD



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REGULATORY AGENDA

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Preface

This is the seventh issue of the Board's Regulatory Agenda, which is published quarterly.

The purpose of the Agenda is to provide advance notice of forthcoming regulatory actions and information on the status of ongoing proceedings.

Functions of the Board

The National Energy Board is a court of record. The Board's regulatory responsibilities under the National Energy Board Act encompass mainly the licensing of exports of oil and oil products, natural gas and gas products, and electricity, and the licensing of imports of gas and heavy fuel oil; the certification of interprovincial and international pipelines and international and designated interprovincial power lines; the authorization for pipelines to cross or be crossed by public utilities; the control of the safety of these pipelines; and the regulation of the tolls and tariffs of pipeline companies under federal jurisdiction. In addition, the Board administers certain aspects of the Energy Administration Act and the Northern Pipeline Act.

The Board also advises the Government on matters relating to energy.

Jurisdiction

Except where otherwise noted, jurisdiction over the items listed in this Regulatory Agenda is exercised

pursuant to the National Energy Board Act, R.S.C. 1970, c.N-6. An Office Consolidation of the Act, dated March 1983, is available from the Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, K1A 0S9 (Price: Canada \$2.75; other countries \$3.30).

Recent Hearing Reports and Decisions

Since the last edition of the Agenda dated 1 September 1983, the following report has been published by the Board as a result of a public inquiry.

1. Northern Canada Power Commission (NCPC)
Report dated August 1983, released 18 October 1983. This report arose from an NEB inquiry hearing, undertaken at the request of the Minister of Indian Affairs and Northern Development, on the setting of electric power rates and other issues involving the NCPC. The Board's recommendations are being considered by the Minister.

In addition, the following further action has been taken on a decision issued previously:

2. Trans Mountain Pipe Line Company Ltd. (TMPL) - West to East Oil Pipeline - Although the Board's Reasons for Decision were dated May 1981, no certificate was issued because TMPL decided that the pipeline was not economically viable. The Board has now notified the company that if it ever decides to build the project, it will have to reapply for a certificate.

Hearing Decisions Pending

A decision is pending on the following matters for which public hearings have already been completed:

1. Hydro-Québec - Application for four licences to export power and energy to the New York Power Authority (NYPA), formerly known as the Power Authority of the State of New York (PASNY), and to Niagara Mohawk Power Corporation.

Hearing Order EH-1-83.

Heard in Ottawa from 19 September 1983 to 23 September 1983 and in Montreal from 25 October 1983 to 4 November 1983. The Board's report is expected to be completed early in the new year. Meanwhile, the Board has extended the existing licence EL-113 subject to the approval of the Governor in Council.

2. Interprovincial Pipe Line Ltd. - Application for new oil pipeline tolls.

Hearing Order RH-3-83.

The hearing was held in Ottawa from 15 November to 30 November 1983. The Board's decision is expected to be available early in the new year.

Hearings in Progress or Adjourned

1. Dome Petroleum Ltd. - Application for a Certificate of Public Convenience and Necessity for facilities to manufacture liquefied natural gas for export to Japan.

Hearing Order GH-1-83.

Phase I of the hearing was held as follows:

Richmond, B.C.	17 - 20 October 1983
Prince Rupert, B.C.	1 - 3 November 1983
Ottawa, Ontario	16 - 23 November 1983

No date has been set for the continuance of the hearing pending receipt of further information in support of the application.

2. Arctic Pilot Project and TransCanada PipeLines Ltd. Hearing Order GH-3-81.

This hearing has been adjourned since 31 August 1982. By letter dated 8 June 1983, the Board directed the APP sponsors to submit their views by 1 December 1983 on the future conduct of the proceedings; in particular to address whether or not the proceedings should be discontinued. By letter of 17 November, a response was made, in which the project sponsors submitted that the present status of the proceedings should be maintained. The Board will consider this view together with any views submitted by interested parties.

3. Interprovincial Pipe Line Ltd. - The Township of Flamborough, Ontario, requested a review of a Board decision to permit Interprovincial to locate

propane terminal facilities in the Flamborough area. The Board decided to hold a hearing to receive the submissions of interested parties on the location of the facilities.

Hearing Order MH-1-83.

The hearing commenced in Burlington, Ontario, on 16 August 1983, and on 19 August was adjourned until 28 September 1983. On 28 September the hearing resumed in Flamborough but once again was adjourned, this time to a date to be announced later. This second adjournment followed an action launched by the Township of Flamborough, which sought leave to appeal to the Federal Court of Appeal both on the grounds of the Board's legal jurisdiction over two aspects of the matter under review and on the grounds of an alleged apprehension of bias on the part of one Member of the Board participating in the hearing. While the Court subsequently granted leave to appeal, the appeal itself has yet to be heard.

Hearings Scheduled

The following public hearings are scheduled to commence on the dates indicated.

1. Inquiry into TransCanada PipeLines Ltd. Meter Station Accident - The Board is holding a public inquiry into an accident which occurred on 28 September 1983 at the natural gas Purchase Meter Station, near Liebenthal, Saskatchewan in which one TransCanada employee was killed and a second injured.

Order No. MH-2-83.

Hearing to commence in Leader, Saskatchewan on 6 December 1983.

2. Amendment to gas pipeline Certificate GC-65 and Request for Review - Sabrevois Sales Meter Station.

The Board is holding a hearing on its own initiative to examine what amendments to Certificate GC-65, held by Trans Québec & Maritimes Pipeline, may be required as a result of the agreement between the Government of Canada and Gaz Inter-Cité Québec Inc. for the construction of certain natural gas pipeline laterals in Quebec that were originally to have been built by TQM under GC-65 but are being installed by GICQ. The hearing will also deal with an application by Gaz Inter-Cité for a review of a previous Board decision not to order TransCanada PipeLines Ltd. to provide the higher operating pressure requested by GICQ at the Sabrevois sales meter station.

Order No. GH-2-83.

Hearing to commence in Ottawa on 12 December 1983.

3. Trans Québec & Maritimes Pipeline Inc. - Application for new natural gas pipeline tolls effective 1 January 1984.
Order No. RH-4-83.
Hearing to commence in Ottawa on 11 January 1984.

Hearing Applications Filed

The following applications have been filed with the Board, but dates have not yet been set for their hearing:

Applicant	Date of Application	Application
1. Foothills Pipe Line (Yukon) Ltd.	29 June 79	Certificate for Dempster Lateral
2. TransCanada PipeLines Ltd.	29 Oct. 82	Certificate for Niagara facilities
3. Hydro-Québec	15 April 83	Certificate for power line and licences to export power to New England
4. Westcoast Transmission Company Ltd.	20 May 83	Gas pipeline to Dome LNG facilities

Applications filed with the Board are available for examination.

On the Horizon

On the basis of advance information, it appears probable that the following major matters may be considered by the Board within the next twelve months, most by public hearing.

Company	Description
1. TransCanada PipeLines Ltd.	Change in tolls on natural gas pipeline system effective 1 Feb. 84
2. Westcoast Transmission Company Ltd.	Method of Setting Toll
3. Westcoast Transmission Company Ltd.	Gas pipeline to Vancouver Island
4. British Columbia Hydro & Power Authority	Renew Licences to export power and energy
5. TransAlta Utilities Corporation	Export of power via B.C. Hydro's facilities
6. TransCanada PipeLines Ltd.	Gas pipeline facilities
7. Dome Petroleum Ltd. and Westcoast Transmission Company Ltd.	Tolls on LNG export facilities and on gas pipeline to Dome LNG plant

8. Polar Gas Ltd.	Gas pipeline from Mackenzie Delta, Beaufort Sea and Arctic Islands
9. Mobil Oil Canada Ltd. and Sable Gas Systems Ltd.	Gas pipeline from Sable Island and export to U.S.
10. The New Brunswick Electric Power Commission	Export of power from proposed Lepreau II nuclear power facility
11. Manitoba Hydro	Export of power to Northern States Power
12. Manitoba Hydro	Export of power and construction of international power line to the Dakotas and Nebraska
13. St. Lawrence Power	Export of power
14. Canadian Niagara	Export of power
15. Trans-Northern Pipeline Inc.	Tolls on oil pipeline system
16. Westcoast Transmission Company Ltd.	Review of certain components of tolls on natural gas pipeline system
17. Foothills Pipe Line (Yukon) Ltd.	Review of certain components of tolls on natural gas pipeline system
18. Alberta Natural Gas Company Ltd.	Review of certain components of tolls on gas pipeline system
19. Trans Mountain Pipe Line Ltd.	Tolls on oil pipeline system

Non-Hearing Applications

The Board has before it a number of applications that do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, orders to amend export licences or certificates, orders to authorize toll adjustments, and licences to export oil or oil products and to import heavy fuel oil, for less than a year.

Interim Toll Decisions

The following interim toll orders were approved by the Board.

1. Order No. TGI-1-83 - TransCanada PipeLines Ltd.
This order, which was issued to TransCanada in October 1983 establishes a deferral account on an interim basis for the company to record the variances between the actual costs of compressor gas it uses and the forecast costs that are reflected in the company's tolls, and to permit the adjustment of future tolls to reflect these variances. In issuing

the order the Board requested comments on the matter from interested parties to the last TransCanada toll hearing.

2. Order No. TGI-2-83 - TransCanada PipeLines Ltd. As a result of a 28 October 1983 "Transportation Service" contract between TransCanada and Gaz Inter-Cité Québec Inc., TransCanada's contracted demand volume increased by 600 000 cubic metres of natural gas per day.

In November the Board issued Interim Order No. TGI-2-83 to TransCanada. This order established a deferral account on an interim basis to record the differences between the revenues received by TransCanada as a result of transporting the volumes of gas and the actual cost of transporting them.

3. Order No. TGI-3-83 - Foothills Pipe Line (Yukon) Ltd. - By letter of 6 October 1983 Foothills notified the Board that it intended to apply for an amendment to the authorized depreciation component of its tolls, which was due to change on 1 November. The Board felt that some adjustment of the depreciation rates might, in due course, be warranted and issued this order to allow the depreciation provision of the existing tolls of Foothills and its subsidiaries to continue on an interim basis.
4. Order No. TGI-4-83 - Trans Québec & Maritimes Pipeline Inc. - TQM applied for an interim increase in its current toll until such time as the Board disposes of its present application, scheduled for public hearing in January of 1984. The Board issued Interim Order No. TGI-4-83, which extends TQM's current toll until the Board issues its final order arising from that hearing.

Appeals

1. Trans Québec & Maritimes Pipeline Inc. (TQM) TQM has applied to the Federal Court of Appeal for leave to appeal (a) a decision of the Board made on 29 August 1983 not to review the decision it rendered on TQM tolls in May 1983 (Orders TG-2-83 and TG-3-83; Reasons for Decision dated June 1983) and (b) the May 1983 decision itself. This appeal is being made under Section 18 of the NEB Act. TQM has also applied under Section 28 of the Federal Court Act to set aside the Board's August 1983 decision.
2. Interprovincial Pipe Line Ltd. - Location of propane terminal facilities in the Township of Flamborough, Ontario. See item 3 under "Hearings in Progress".

Amendments to Rules of Practice and Procedure

The National Energy Board is considering a major revision of its Rules of Practice and Procedure

with a view to standardizing and simplifying basic procedural requirements. A draft of the Rules was distributed for public comment with a letter dated 7 July 1983. Because of the large number and wide variety of comments that were received, it now appears probable that a second draft will be distributed for comment before the new rules are finalized.

In addition, the Board is reviewing Parts of the Schedule to the Rules, which list the information required to be filed by applicants for authorization of pipeline facilities as follows:

Part	New or Revised	Instrument Applied For	Section of Act	Type of Pipeline
I	Revised	Certificate	44	Gas
II	Revised	Certificate	44	Oil
VIII	New	Order	49	Gas
IX	New	Order	49	Oil
X	New	Certificate or Order	44 or 49	Gas or Oil

Comments by interested parties on these revised requirements have been received and are under review.

The Board is drawing up its requirements for the preparation of plans, profiles, and books of reference for power lines under its jurisdiction. This action arises from subsection 41 of the National Energy Board Act, which extends to international power lines the requirement for the filing of plans, profiles and books of reference. When ready, they will be issued for comment.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Gas Pipeline Uniform Accounting Regulations This amendment would require a company's external auditor to provide an opinion annually with respect to compliance with the Gas Pipeline Uniform Accounting Regulations.

The proposed amendment was distributed to interested parties and their comments were reviewed. As a result, the Board decided to withdraw the proposal, and so informed the companies by letter dated 12 September.
2. Oil Pipeline Regulations and Gas Pipeline Regulations - A review of these two sets of regulations has been initiated and, by letter dated 7 April 1983, industry was invited to submit comments. The comments are still under review.
3. Construction Cost and Toll Information Regulations -Information to be furnished by companies that construct and operate a pipeline. The revised regulations, to replace the Toll Information Regula-

tions which came into effect on 9 April 1979, as well as the Board's Memorandum of Guidance of 21 October 1966, have been drafted. By letter of 28 October 1983, they have been sent to pipeline companies under the Board's jurisdiction and to other interested parties for comments.

4. Part VI Regulations

- (a) Amendments, in Sections 2(1) and 16(4), to the definition of electric power and energy to comply with the standard rules applicable to the International System of Units and provide clarification on the method to be employed for measurement of electric power and energy for purposes of regulation. The amendments were approved by the Governor in Council on 3 November 1983 by Order in Council, P.C. 1983-3404.
- (b) Amendments to Section 6 concerning the information required in an application for a licence to export electricity. Comments by interested parties have been received and are under review.
- (c) Amendment to Section 27. The proposed amendment eliminates the requirement of a hearing for the issue of licences for more than one year for the export of oil products produced under an agreement to process imported crude oil. The amendment was approved by the Governor in Council on 15 September 1983 by Order in Council P.C. 1983-2792.
- (d) Amendment to Section 17 to give the Board the power to authorize its auditors or other authorized persons to enter premises and inspect records or equipment relating to the import of oil into Canada. This amendment has been approved by the Board and is awaiting consideration by the Governor in Council.
- (e) Amendments to Sections 24 to 34, inclusive, to provide for the authorization of oil exports by order instead of licence, where oil is to be exported and subsequently imported or where oil is to be exported pursuant to an exchange. The amendments have been approved by the Board but have not yet been forwarded to the Governor in Council.

5. Gas Pipeline Uniform Accounting Regulations

Amendment to section 6 of the Regulations to correct an error that had arisen when the Regulations were previously amended by Orders in Council P.C. 1983-527 and P.C. 1983-758. The amendment was approved by the Governor in Council, by Order in Council P.C. 1983-3525.

6. Gas Export Prices Regulations - Amendment to provide for the extension of the Volume Related Incentive Pricing (VRIP) scheme to the period 1 Novem-

ber 1983 to 31 October 1984. Included in the amendments were a change in the definition of "base quantity", changes in the base quantities and their applicability to certain licences for the new period, and several new sections that would permit specified exporters to include an incentive price component for gas exported in each month. Approved by the Governor in Council on 27 October 1983 by Order in Council P.C. 1983-3380.

7. Natural Gas Prices Regulations, 1981

- (a) Amendment to paragraphs 3(c) and 3(d) resulting from the decrease in tolls authorized for ICG Transmission Holdings Ltd., under Order TG-3-83. The amendments provide for reductions in the Company's monthly demand charges for natural gas transported by ICG for export under Licences GL-28, GL-29, and GL-30. These amendments have been approved by the Board and are awaiting consideration by the Governor in Council.
- (b) Amendment to paragraph 3(e) to delete the reference to Niagara Gas Transmission Ltd.'s Licence GL-6, which has been revoked. Approved by the Governor in Council on 24 November 1983, by Order in Council P.C. 1983-3659.
- (c) Amendment to prescribe the price at which Pan-Alberta Gas Ltd. sells natural gas to SOQUIP (Société québécoise d'initiatives pétrolières) at Burstall, Saskatchewan under contracts dated 17 and 19 August 1983, and the price at which SOQUIP re-sells the natural gas to Gas Inter-Cité Québec Inc. at Burstall under a contract dated 7 September 1983. Approved by the Governor in Council on 24 November 1983, by Order in Council P.C. 1983-3659.
- (d) Amendment to paragraph 3(y) to add a reference to the price at which Pan-Alberta Gas Ltd. sells natural gas to Sulpetro Ltd. for export under Licence GL-82. Approved by Governor in Council on 24 November 1983, by Order in Council P.C. 1983-3660.

Toll Adjustment Procedures

On 17 August 1982 a draft order to establish revised non-hearing procedures for routine toll adjustment applications by certain oil pipeline companies was sent to interested parties for review and comment. Comments from interested parties were received in October 1982. A revision of these procedures has been deferred pending a complete revision of the Board's existing Rules of Practice and Procedure. In the meantime, the toll adjustment procedures detailed in Board Orders TO-3-80 and TO-4-80 are being followed by Interprovincial Pipe Line Ltd.,

Cochin Pipe Lines Ltd., Trans Mountain Pipe Line Ltd. and Trans-Northern Pipeline Inc.

Conference on Regulation of Tolls and Tariffs under Part IV of the Act.

The Board invited pipeline companies under its jurisdiction to attend a meeting on 27 September to discuss a draft document prepared by the Board on its approach to regulating those companies. The draft was amended following written submissions from those companies. By letter of 8 November 1983 it was sent for comment to all interested parties who appeared at toll and tariff hearings since January 1981, and they were asked whether they would like a meeting to discuss the subject.

NEB Update of Energy Supply and Demand, 1983 to 2005

On 17 October 1983 the Board announced that an updated forecast of Canadian energy supply and demand to 2005 would be undertaken by Board staff. The results of the update are expected to be published early next summer. Parties that may be interested in participating were invited by letter to submit by mid-January, 1984, their assessment of future energy supply and demand developments and their views on the factors that could affect the results. Copies of the letter and attached guidelines are available from the Secretary of the Board. Anyone not contacted but interested in making a submission should so inform the Secretary.

Reports and Speeches Available

1. "Current Status of Tidal Power", a paper co-authored by R.H. Clark, M. Eng., P. Eng., Consultant, and A.N. Karas, P. Eng. of the NEB Electric Power Branch for publication in the November/December issue of the Journal of Canadian Petroleum Technology.
2. Workshop on Benefit-Cost Analysis in Energy Economics - Proceedings of a seminar jointly sponsored by the Canadian Energy Research Institute and the National Energy Board in June 1983. This report is expected to be published early in 1984.
3. "Regulation of Electric Utilities, A Canadian Federal Regulator's Perspective" by Edward S. Bell, Director, Electric Power Branch, to the Canadian Association of Members of Public Utility Tribunals (CAMPUT) at St. John's, Newfoundland, 7 September 1983.
4. "Tariff Levelling - An Overview of the Need and the Techniques", by C.M. Yeates, Assistant Director, Financial Regulatory Branch, to CAMPUT at St. John's, Newfoundland, 8 September 1983.

5. "An Overview of the Canadian Pipelining Industry", prepared by the Pipelines Branch for delivery by the Canadian High Commissioner to Australia, September 1983.
6. "Export Markets for Canadian Energy", by A. Boyd Gilmour, Member, to the Energy Pricing Conference sponsored by the Corpus Energy Group, Toronto, Ontario, 5 October 1983.
7. "Canada-U.S. Trade in Natural Gas" by C. Geoffrey Edge, Chairman, to the Conference on the Outlook for Natural Gas sponsored by the Energy Bureau Inc., Arlington, Virginia, 17 October 1983.
8. "The Canadian Regulatory Process" By C. Geoffrey Edge, Chairman, to the Energy Seminar sponsored by the Government of Nova Scotia, in London, England, 18 October 1983.

Information Bulletins

In September the Board commenced the issue of a series of information bulletins. The following have been published:

1. "Route Approval Procedures". In approving the route for a pipeline or power line, the National Energy Board uses a two-stage procedure. The first stage is the certification of the general route; the second is the fixing of the detailed route. This bulletin describes the procedure and how landowners and the public can participate. September 1983.
2. "The Public Hearing Process". The National Energy Board considers major applications through public hearings. This bulletin describes the Board's hearing process, including the initial examination of an application, where hearings are held, where applications may be examined, the roles of Board Counsel, staff and the Court Clerk, the sequence of procedures at the hearing, and the issue of the decision. October 1983.
3. "Non-Hearing Procedures". Under its act and regulations, the National Energy Board is authorized to approve certain classes of application without a public hearing. These classes are listed, their limits are defined, and procedures used for their consideration are described. November 1983.

Index to NEB Act

An Index and Table of Contents for the National Energy Board Act, 1983 Office Consolidation, is now available and is being mailed out at the same time as this Agenda.

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of copies of applications are listed in the Board's Regulatory Agenda of 1 December 1982.

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NATIONAL ENERGY BOARD

A handwritten signature in dark ink, appearing to read "G. Yorke Slader", followed by a period.

G. Yorke Slader,
Secretary.

For information, please contact
Ann Sicotte, Chief,
Information Services
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NATIONAL ENERGY BOARD



OFFICE NATIONAL DE L'ÉNERGIE

REGULATORY AGENDA

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Preface

This is the eighth issue of the Board's Regulatory Agenda, which is published quarterly.

The purpose of the Agenda is to provide advance notice of forthcoming regulatory actions and information on the status of ongoing proceedings.

Functions of the Board

The National Energy Board is a court of record. The Board's regulatory responsibilities under the National Energy Board Act encompass mainly the licensing of exports of oil and oil products, natural gas and gas products, and electricity, and the licensing of imports of gas and heavy fuel oil; the certification of interprovincial and international pipelines and international and designated interprovincial power lines; the authorization for pipelines to cross or be crossed by public utilities; the control of the safety of these pipelines; and the regulation of the tolls and tariffs of pipeline companies under federal jurisdiction. In addition, the Board administers certain aspects of the Energy Administration Act and the Northern Pipeline Act.

The Board also advises the Government on matters relating to energy.

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Recent Hearing Reports and Decisions

Since the last edition of the Agenda dated 1 December 1983, the following report has been published by the Board as a result of a public hearing.

1. Gaz Inter-Cité Québec, Inc. (GICQ) — Report dated January 1984, released 1 February 1984. The Board confirmed its decision of 14 July 1983 not to direct TransCanada PipeLines Limited to provide maximum allowable operating pressure at the Sabrevois, Québec meter station for natural gas delivered to Gaz Inter-Cité Québec Inc. (This was the second issue to be dealt with at a hearing held in December 1983. The first issue has not yet been decided on. See item 4 under "Hearing Decisions Pending").

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have already been completed:

1. Hydro-Québec — Application for licences to export power and energy to the New York Power Authority (NYPA), formerly known as the Power Authority of the State of New York (PASNY), and to Ni-

agara Mohawk Power Corporation.

Hearing Order EH-1-83.

Heard in Ottawa from 19 September 1983 to 23 September 1983 and in Montreal from 25 October 1983 to 4 November 1983. The Board's decision is expected to be released in March.

2. Interprovincial Pipe Line Ltd. — Application for new oil pipeline tolls.

Hearing Order RH-3-83.

The hearing was held in Ottawa from 15 November to 30 November 1983. The Board's decision is expected to be released in March.

3. TransCanada PipeLines Limited — Inquiry into an accident on 28 September 1983 at the natural gas purchase meter station, near Liebenthal, Saskatchewan, in which one TransCanada employee was killed and a second injured.

Hearing Order MH-2-83.

The hearing was held in Leader, Saskatchewan, on 6 and 7 December 1983. The Board's report is expected to be released in March.

4. Amendment to gas pipeline Certificate GC-65 — The Board held a hearing on its own initiative to examine the desirability of amending gas pipeline certificate GC-65 held by Trans Québec & Maritimes Pipeline Inc. in the light of circumstances that have changed since the issuance of the certificate.

Hearing Order GH-2-83.

The Board dealt with this issue in January at a hearing on this and another issue. Resolution of the other matter is noted in item 1 under "Recent Hearing Reports and Decisions". The Board's decision on GC-65 will follow in due course.

5. Trans Québec & Maritimes Pipeline Inc. — Application for new natural gas pipeline tolls.

Hearing Order RH-4-83.

The hearing was held in Ottawa, from 11 January to 17 February 1984. The Board's decision is expected to be released in April.

Hearings in Progress or Adjourned

1. Dome Petroleum Ltd. — Application for a Certificate of Public Convenience and Necessity for facilities to manufacture liquefied natural gas for export to Japan.

Hearing Order GH-1-83.

Phase I of the hearing was held as follows:

Richmond, B.C.	17 - 20 Oct. 1983
Prince Rupert, B.C.	1 - 3 Nov. 1983
Ottawa, Ontario	16 - 23 Nov. 1983

No date has been set for the continuance of the hearing pending receipt of further information in support of the application.

2. Arctic Pilot Project and TransCanada PipeLines Ltd. Hearing Order GH-3-81.

This hearing was adjourned on 31 August 1982. By letter of 8 June 1983, the Board directed the APP sponsors to submit their views on the future of the proceedings and in particular on whether they should be discontinued. By letter of 17 November the sponsors requested that the present status of the proceedings be maintained. This view and those of interested parties are before the Board.

3. Interprovincial Pipe Line Ltd. — The Township of Flamborough, Ontario, requested a review of a Board decision to permit Interprovincial to locate propane terminal facilities in the Flamborough area. The Board decided to hold a hearing to receive the submissions of interested parties.

Hearing Order MH-1-83.

The hearing commenced in Burlington, Ontario, on 16 August 1983, and on 19 August was adjourned until 28 September 1983. On 28 September the hearing resumed but once again was adjourned, this time to a date to be announced later. This second adjournment followed an action launched by the Township of Flamborough, which sought leave to appeal to the Federal Court of Appeal on the grounds of both the Board's jurisdiction over two aspects of the matter under review and an alleged apprehension of bias by a Member of the Board participating in the hearing. Although the Court subsequently granted leave to appeal, the appeal itself has yet to be heard.

Hearings Scheduled

The following public hearings are scheduled to commence on the dates indicated.

1. British Columbia Hydro and Power Authority — Application for three licences to export power and energy to the western United States for a six-year period starting 1 October 1984.

Hearing Order EH-1-84.

Hearing to commence in Vancouver, British Columbia on 26 March 1984.

2. St. Lawrence Power Company

3. Canadian Niagara Power Company

Applications to export electricity to New York State.

Hearing Order EH-2-84.

Hearing to commence in Ottawa on 3 April 1984. The application of St. Lawrence Power will be heard first, followed by the application of Canadian Niagara.

4. TransCanada PipeLines Limited — Application for new tolls on natural gas pipeline systems effective 1 August 1984.

Hearing Order RH-1-84.

Hearing to commence in Ottawa on 16 April 1984.

5. Hydro-Québec — Application for a certificate to construct an international power line and for licences to export power to the New England Power Pool (NEPOOL).

Hearing Order EH-3-84.

Hearing to commence in Montreal, Québec on 15 May 1984.

6. Westcoast Transmission Company Limited — Method of Toll Regulation. At the Board's hearing on Westcoast's 1983 tolls application, the Board announced that it intended to examine the variable cost of service method of regulating the company's tolls in a separate proceeding. The Board has now decided to hold a hearing to examine that issue and certain additional toll matters.

Hearing Order RH-5-83.

The hearing was to open in Vancouver on 10 April 1984, but a notice of motion was filed, requesting an adjournment. Argument on the motion was heard in Ottawa on 16 February 1984. The Board decided to postpone the start of the hearing to 25 September 1984.

Hearing Applications Filed

The following applications have been filed with the Board, but dates have not yet been set for their hearing.

Applicant	Date of Application	Application
1. Foothills	29 June 79	Certificate for Dempster Lateral
2. Westcoast Transmission Company Ltd.	20 May 83	Gas pipeline to Dome LNG facilities

Applications filed with the Board are available for examination in the Board's Library.

On the Horizon

On the basis of advance information, it appears probable that the following major matters may be considered by the Board within the next twelve months, most by public hearing.

Company	Description
1. Westcoast Transmission Company Ltd.	Gas Pipeline to Vancouver Island
2. TransAlta Utilities Corporation	Export of power via B.C. Hydro's facilities
3. TransCanada PipeLines Ltd.	Gas pipeline facilities
4. Dome Petroleum Ltd. and Westcoast Transmission Company Ltd.	Tolls on LNG export facilities and on gas pipeline to Dome LNG plant
5. Polar Gas Ltd.	Gas pipeline from Mackenzie Delta, Beaufort Sea and Arctic Islands
6. Mobil Oil Canada Ltd. and Sable Gas Systems Ltd.	Gas pipeline from Sable Island and export of natural gas to U.S.
7. The New Brunswick Electric Power Commission	Export of power from proposed Lepreau II nuclear plant
8. Manitoba Hydro	Export of power to Northern States Power
9. Manitoba Hydro	Export of power and construction of international power line to the Dakotas and Nebraska
10. Trans-Northern Pipeline Inc.	Tolls
11. Westcoast Transmission Company Ltd.	Tolls
12. Foothills Pipe Line (Yukon) Ltd	Tolls
13. Alberta Natural Gas Company Ltd	Tolls
14. Trans Mountain Pipe Line Ltd	Tolls
15. TransCanada PipeLine Ltd.	Hearing on cost allocation, toll design, and zoning issues

Non-Hearing Applications

The Board has before it a number of applications that do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, orders to amend export licences or certificates, orders to authorize toll adjustments, and licences and orders for the export of oil.

Interim Toll Decisions

The following interim toll orders were approved by the Board.

1. Order No. TOI-1-83 — Trans-Northern Pipelines Inc. In compliance with a direction from the Board in October 1983, Trans-Northern applied for a 5 percent decrease in its tolls effective 1 December 1983. The Board decided at the end of November to issue an interim toll order providing for an 8 percent decrease effective that date. A final decision is delayed until, among other things, resolution of Trans-Northern's related Class "B" and Class "C" construction applications.
2. Order No. TOI-2-83 — Interprovincial Pipe Line Limited (IPL). In September, IPL filed an application for new tolls effective 1 January 1984. This application was heard by public hearing in November 1983. As the Board was of the view that some revision of IPL's tolls might be warranted, but that its decision would not be issued before 1 January 1984, the Board issued an interim toll order continuing IPL's current tolls until the decision is rendered.

Appeals

1. Trans Québec & Maritimes Pipeline Inc. (TQM)-TQM has applied to the Federal Court of Appeal for leave to appeal (a) a decision of the Board made on 29 August 1983 not to review the decision it rendered on TQM tolls in May 1983 (Orders TG-2-83 and TG-3-83; Reasons for Decision dated June 1983) and (b) the May 1983 decision itself. This appeal is being made under Section 18 of the NEB Act. TQM has also applied under Section 28 of the Federal Court Act to set aside the Board's August 1983 decision. In addition, TQM has requested, pursuant to Rules of the Court 1301(3) and 1402, that the Board make available to the Court copies of its internal memoranda and staff papers in connection with both the tolls application and the review application. The Board has declined to provide this information since it does not form part of the record on which the Board's decisions are based, and TQM has sought a direction from the Court in this regard.

2. Interprovincial Pipe Line Ltd. — Location of propane terminal facilities in Flamorough, Ontario. See item 3 under "Hearings in Progress".

Amendments to Rules of Practice and Procedure

The National Energy Board is considering a major revision of its Rules of Practice and Procedure with a view to standardizing and simplifying basic procedural requirements. A draft of the Rules was distributed for public comment with a letter dated 7 July 1983. Because of the large number and wide variety of comments received, it now appears probable that a second draft will be distributed for comment in late spring before the new rules are finalized.

In addition, the Board is reviewing Parts of the Schedule to the Rules, which list the information required in applications for authorization of pipeline facilities as follows:

Part	New or Revised	Instrument Applied For	Section of Act	Type of Pipeline
I	Revised	Certificate	44	Gas
II	Revised	Certificate	44	Oil
VIII	New	Order	49	Gas
IX	New	Order	49	Oil
X	New	Certificate or Order	44 or 49	Gas or Oil

Comments by interested parties on these revised requirements have been received and are under review.

By letter dated 3 January 1984 the Board issued its requirements for plans, profiles, and books of reference for power lines under its jurisdiction. This action arises from subsection 41 of the National Energy Board Act, which extends to international power lines the requirement for the filing of plans, profiles and books of reference.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Oil Pipeline Regulations and Gas Pipeline Regulations — A review of these two sets of regulations has been initiated and, by letter dated 7 April 1983, industry was invited to submit comments. The comments are under review. A new draft is to be circulated in April 1984.
2. Construction Cost and Toll Reporting Regulations — Information to be furnished by companies that construct and operate a pipeline. The revised

regulations, to replace the Toll Information Regulations which came into effect on 9 April 1979, as well as the Board's Memorandum of Guidance of 21 October 1966, have been drafted. By letter of 28 October 1983, they have been sent to pipeline companies under the Board's jurisdiction and to other interested parties for comments. By letter of 3 February 1984 the date for receipt of comments was extended to 30 April 1984.

3. Part VI Regulations

(a) Amendments to Section 6 concerning the information required in an application for a licence to export electricity. Comments by interested parties have been received and are under review.

(b) Amendment to Section 17 to give the Board the power to authorize its auditors or other authorized persons to enter premises and inspect records or equipment relating to the import of oil into Canada. Approved by the Governor in Council on 22 December 1983 by Order in Council P.C. 1983-4057.

(c) Amendments to Sections 24 to 34, inclusive, to provide for the authorization of oil exports by order instead of licence, where oil is to be exported and subsequently imported or where oil is to be exported pursuant to an exchange. Approved by the Governor in Council on 22 December 1983 by Order in Council P.C. 1983-4057.

(d) Amendment to Section 26(2)(1) of the Regulations to provide for an export charge on asphalt. Approved by the Governor in Council on 22 December 1983, by Order in Council P.C. 1983-4063.

4. Gas Export Prices Regulations — Amendment to permit TransCanada PipeLines Limited to price gas exported under Licence GL-38 to ANR Pipeline Company in accordance with the Volume-Related Incentive Pricing Program. The amendment would also provide for two separate groupings of Trans Canada's export customers under Licence GL-20 and GL-37 to reflect differing contractual arrangements. Approved by the Governor in Council on 26 January 1984 by Order in Council P.C. 1984-225.

5. EAA Natural Gas Prices Regulations, 1981

(a) Amendment to paragraphs 3(c) and 3(d) resulting from the decrease in tolls authorized for

ICG Transmission Holdings Ltd., under Order TG-3-83. The amendments provide for reductions in the Company's monthly demand charges for natural gas transported by ICG for export Licences GL-28, GL-29, and GL-30. Approved by the Governor in Council on 30 November 1983 by Order in Council P.C. 1983-3737.

(b) Amendment to paragraph 3(z) of the Regulations to prescribe the price of natural gas sold by TransCanada PipeLines Limited to Consolidated Natural Gas Limited near Burstall, Saskatchewan for fuel, line pack, and other uses. Approved by the Governor in Council on 26 January 1984 by Order in Council P.C. 1984-310.

(c) Amendment to the Regulations to reflect the following:

- an increase in the Alberta Border Price to 279.001 cents per gigajoule on 1 February 1984.

- a change in the tolls to be charged by Trans Canada PipeLines Limited for AOI service as a result of the 1 February 1984 increase in the Alberta Border Price and the reduction in the Natural Gas and Gas Liquids Tax to zero.

- prescribed AOI service rates in developmental areas in the Eastern zone.

Approved by the Governor in Council on 26 January 1984 by Order in Council P.C. 1984-226.

6. EAA Part I Regulations

(a) Amendment to Sections 3(1)(c) and (d) to provide for, among other things, an export charge on asphalt. Approved by the Governor in Council on 22 December 1983 by Order in Council P.C. 1983-4063.

(b) Amendment to Sections 9 to 12 inclusive to modify the method of calculating the share of the revenues from crude oil export charges that is to be paid to producing provinces, and to provide for a two-year limitation on the making of adjustments to past payments.

Toll Adjustment Procedures

On 17 August 1982 a draft order to establish non-hearing procedures for routine toll adjustment applications by certain oil pipeline companies was sent to interested parties for review and comment. Comments

were received in October 1982. A revision of these procedures has been deferred pending a complete revision of the Board's existing Rules of Practice and Procedure. In the meantime, the toll adjustment procedures detailed in Board Orders TO-3-80 and TO-4-80 are being followed by Interprovincial Pipe Line Ltd., Cochin Pipe Lines Ltd., Trans Mountain Pipe Line Ltd. and Trans-Northern Pipelines Inc.

Guidelines for Regulation of Tolls and Tariffs

In September a meeting was held with the pipeline industry and the Canadian Petroleum Association, at which the Board invited comments on a draft document "Regulation of Tolls and Tariffs Under Part IV of the NEB Act".

As a result of the comments received on that draft a revised draft was sent out to all interested parties in toll cases. The Board revised the Guidelines on the basis of comments received and has now issued the final document.

The Guidelines are written to inform and guide parties in the regulation of tolls and tariffs under Part IV of the NEB Act.

Extension of Sunset Clauses in Gas Licences

In early 1983, the Board issued a number of new gas export licences containing a "sunset" clause requiring the exporter to furnish proof that regulatory approvals in the United States had been obtained by 31 January 1984 for the import of the gas. In January 1984 the Board extended this sunset provision by, in most cases, one year, with some companies restricted to shorter periods, at their request.

Offshore Pipeline Regulations

A Task Force with representatives from the Canadian Standards Association, the National Energy Board, the Canada Oil and Gas Lands Administration and industry has been established to draft standards for future Canadian offshore pipelines. An initial draft is expected to be issued to interested parties for comments in the spring of 1984.

NEB Update of Energy Supply and Demand, 1983 to 2005

On 17 October 1983 the Board announced that an updated forecast of Canadian energy supply and demand to 2005 would be undertaken by Board staff. The results of the update are expected to be published early this summer. Parties that may be interested in participating were invited by letter to submit by mid-

January 1984, their assessment of future energy supply and demand developments and their views on the factors that could affect the results. A total of 50 submissions have been received to date. They may be viewed in the NEB Library in Ottawa and at the NEB Calgary Office.

Reports and Speeches Available

1. Workshop on Benefit-Cost Analysis in Energy Economics — Proceedings of a seminar jointly sponsored by the Canadian Energy Research Institute and the National Energy Board in June 1983. Published February 1984.
2. "Response to the Recommendations Contained in the Task Force Report on Pipeline Construction Costs" — A paper prepared by the National Energy Board in November 1983 following a review of the recommendations contained in the Horte Task Force Report released in September 1983. This document details the Board's comments on each of the recommendations made by the Task Force.
3. "Considerations Governing the Export of Canadian Natural Gas", a speech by C. Geoffrey Edge, Chairman of the National Energy Board to a Conference sponsored by Platt's Oilgram News, in Vancouver B.C., 13 December 1983.

Information Bulletins

In September 1983, the Board commenced the issue of a series of information bulletins. Since publication of the last Regulatory Agenda on 1 December 1983, the Board has issued the following two bulletins:

1. "Information Bulletin 4: How to Intervene". This bulletin describes how to participate in the Board's hearing process. January 1984.
2. "Information Bulletin 5: The Board's Publications". This bulletin describes the various publications issued by the Board and how they may be obtained. February 1984.

Instructions for Filing


All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier: (613) 992-0129).

Appendix I lists the number of copies required for different types of applications.

If you are not already on the Board's mailing lists and wish to be on, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. (The Board's publications and mailing lists are discussed in Information Bulletin No. 5)

For those already on the Board's mailing lists, please provide notification of any change of address. Please also inform the Secretary if you obtain or change your telex or telecopy facilities or numbers.

NATIONAL ENERGY BOARD


for G. Yorke Slader
Secretary

For information,
please contact: Ann Sicotte, Chief
Information Services
(613) 593-6936

INSTRUCTIONS FOR FILINGS WITH THE NATIONAL ENERGY BOARD

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient. This supersedes the instructions given in the Regulatory Agenda of December 1982.

(a) Type of Application or Filing Hearing Matters	No. of Copies	(b) Type of Application or Filing Non-Hearing Matters (cont'd)	No. of Copies
Certificates — pipeline — power line	35 35	(iii) Tolls	
		Class I and II Adjustments	20
Export Licences — natural gas — oil (long-term) — electricity	35 30 30	Interim Orders	20
Tolls	35	Operating and Maintenance Budgets	20
Land Acquisition	15	Changes in Depreciation Rates	20
		Quarterly Surveillance Reports	20
		New or Changed Tariffs	20
		Domestic Gas Sales Contracts and Amendments	10
(b) Non-Hearing Matters		Amendments to Tariff Orders	20
(i) Natural Gas: Exports and Pricing		(iv) Pipelines and Power Lines	
Orders	25	Exemption Orders Power Lines	15
Licence Amendments	15	Exemption Orders Pipelines (Class B and C)	20
Amendments to Contracts	10	Certificate Amendments	20
Changes in Approved or Prescribed Prices	10	Certificate Revocations	20
Licence Revocations	15	Leaves to Sell or Transfer	20
(ii) Electricity Exports		Incident Reports	6
Orders	15	(v) Other	
Licence Amendments	10	Applications for Review	30
Licence Revocations	10		

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5. (Telex: (NEB OTT) 053-3791; Telecopier: (613) 992-0129).



REGULATORY AGENDA

This document is also available in French.

Ce document est également publié en français.

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Preface

The purpose of this quarterly Agenda is to provide advance notice of forthcoming regulatory actions and information on the status of ongoing proceedings.

Functions of the Board

The National Energy Board is a court of record. The Board's regulatory responsibilities under the National Energy Board Act encompass mainly the licensing of exports of oil and oil products, natural gas and gas products, and electricity, and the licensing of imports of gas and heavy fuel oil; the certification of interprovincial and international pipelines and international and designated interprovincial power lines; the authorization for pipelines to cross or be crossed by public utilities; the control of the safety of these pipelines; and the regulation of the tolls and tariffs of pipeline companies under federal jurisdiction. In addition, the Board administers certain aspects of the Energy Administration Act and the Northern Pipeline Act.

The Board also advises the Government on matters relating to energy.

Jurisdiction

Except where otherwise noted, jurisdiction over the items listed in this Regulatory Agenda is exer-

cised pursuant to the National Energy Board Act, R.S.C. 1970, c.N-6. An Office Consolidation of the Act, dated March 1983, is available from the Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, K1A 0S9 (Price: \$2.75; other countries \$3.30).

Recent Hearing Reports and Decisions

Since the last edition of the Agenda dated 1 March 1984, the following reports have been published by the Board as a result of public hearings.

1. Hydro-Québec — Reasons for Decision dated January 1984, released 8 March 1984. Six new electrical licences were issued for exports to New York State. These licences became effective upon Governor in Council approval on 5 April 1984 (P.C. 1984-1139).
2. Interprovincial Pipe Line Limited (IPL) — Reasons for Decision dated February 1984, released 12 March 1984. The report pertains to new tolls effective 1 January 1984. Final toll order was issued on 24 April 1984. Addendum to Reasons for Decision, dated April 1984, was released on 28 May 1984.
3. TransCanada PipeLines Limited — Report dated February 1984, released 26 March 1984. The report arises from an inquiry by the Board into a fatal accident at a natural gas purchase meter

station, near Liebenthal, Saskatchewan

- 4 Amendment to Gas Pipeline Certificate GC-65 — Reasons for Decision dated March 1984, released 3 April 1984. The Board held a hearing on its own initiative to examine the desirability of amending gas pipeline Certificate GC-65 held by Trans Québec & Maritimes Pipeline Inc. in the light of circumstances that have changed since the issue of the certificate.

The Board decided to recommend to the Governor in Council amendments to the certificate so that it includes a description of only those facilities existing and planned by the company as of March 1984. A decision by The Governor in Council is pending.

- 5 Trans Québec & Maritimes Pipeline Inc. — Reasons for Decision dated March 1984, released on 3 May 1984. Tariff orders issued to fix new natural gas pipeline tolls effective 1 May 1984.
- 7 St. Lawrence Power Company — Reasons for Decision dated April 1984, released 22 May 1984. Three licences issued for exports of electric power and energy to New York State. Subject to approval by Governor in Council.
- 8 Canadian Niagara Power Company — Reasons for Decision dated April 1984, released 24 May 1984. One licence issued for the export of surplus interruptible electric energy to New York State. Subject to approval by Governor in Council.

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have already been completed:

1. British Columbia Hydro and Power Authority — Application for three licences to export electricity to the western United States.
Hearing Order EH-1-84.
The hearing was held in Vancouver from 26 to 30 March 1984. The Board's decision is expected to be released in June.
2. TransCanada PipeLines Limited — Application for new natural gas pipeline tolls.
Hearing Order RH-1-84.
The hearing was held in Ottawa from 16 April to 24 May 1984. The Board's decision is expected to be released in July.
3. Hydro-Québec — Application for a certificate to construct an international power line and for licences to export electricity to the New England Power Pool (NEPOOL).
Hearing Order EH-3-84.

The hearing was held in Montreal from 15 to 25 May 1984. The Board's decision will follow in due course.

Hearings in Progress or Adjourned

1. Foothills Pipe Lines (Yukon) Ltd. — Hearing on the tolls to be charged for transmitting natural gas through the prebuilt sections of the Alaska Highway Gas Pipeline.
Hearing Order RH-3-84.
Hearing commenced in Ottawa on 29 May 1984.
2. Interprovincial Pipe Line Ltd. — The Township of Flamborough, Ontario, requested a review of a Board decision to permit Interprovincial to locate propane terminal facilities in the Flamborough area. The Board decided to hold a hearing to receive the submissions of interested parties.
Hearing Order MH-1-83.
The hearing commenced in Burlington, Ontario, on 16 August 1983, and on 19 August was adjourned until 28 September 1983. On 28 September the hearing resumed but once again was adjourned, this time to a date to be announced later. This second adjournment followed an action launched by the Township of Flamborough, which sought leave to appeal to the Federal Court of Appeal on the grounds of both the Board's jurisdiction over two aspects of the matter under review and an alleged apprehension of bias by a Member of the Board participating in the hearing. On 3 October 1983, the Court granted leave to appeal. The appeal is scheduled to be heard by the Federal Court of Appeal in Toronto on 11 June 1984.
3. Dome Petroleum Ltd. — Application for a Certificate of Public Convenience and Necessity for facilities to manufacture liquefied natural gas for export to Japan.
Hearing Order GH-1-83.
Phase I of the hearing was held as follows:

Richmond, B.C.	17 - 20 Oct. 1983
Prince Rupert, B.C.	1 - 3 Nov. 1983
Ottawa, Ontario	16 - 23 Nov. 1983

No date has been set for the continuance of the hearing pending receipt of further information in support of the application.
4. Arctic Pilot Project and TransCanada PipeLines Ltd.
Hearing Order GH-3-81.
This hearing was adjourned on 31 August 1982. By letter of 8 June 1983, the Board directed the APP sponsors to submit their

views on the future of the proceedings and in particular on whether they should be discontinued. By letter of 17 November the sponsors requested that the present status of the proceedings be maintained. By letter of 29 March 1984, the Board informed the APP sponsors and interested parties that it was examining whether APP's application should be dismissed, and invited any additional submissions on the matter. The Board will consider these submissions before reaching a decision.

Hearings Scheduled

The following public hearings are scheduled to commence on the dates indicated.

1. Maritime Electric Company, Limited (MEC) — Hearing on an application by MEC for orders directing The New Brunswick Electric Power Commission to offer MEC all or part of the electricity to be exported under Licences EL-140, EL-143, and EL-145 on terms not less favourable to MEC than the terms on which the export would be made. The same hearing will also consider the "cross application" dated 4 April 1984 by N.B. Power for amendments to the same licenses.

Hearing Order EH-4-84.

Hearing to commence in Ottawa on 30 July 1984.

2. TransCanada PipeLines Limited — Method of Toll Regulation. The Board has decided to hold a public hearing to examine, with respect to the tolls charged by TransCanada for transportation of natural gas, the procedures and methods of cost allocation to export and domestic services, allocation of costs to zones, toll design for domestic and export services, and other related issues.

Hearing Order RH-2-84.

Hearing to commence in Ottawa on 25 September 1984.

3. Westcoast Transmission Company Limited — Method of Toll Regulation. At the Board's hearing on Westcoast's 1983 tolls application, the Board announced that it intended to examine the method of regulating the company's tolls in a separate proceeding. The Board has now decided to hold a hearing to examine that issue and certain additional toll matters.

Hearing Order RH-5-83.

Hearing to commence in Vancouver, British Columbia on 20 November 1984.

Hearing Applications Filed

The following applications have been filed with

the Board, but dates have not yet been set for their hearing.

Applicant	Date of Application	Application
1. Foothills	29 June 79	Certificate for Dempster Lateral
2. Westcoast Transmission Company Ltd.	20 May 83	Gas pipeline to Dome LNG facilities
3. Westcoast Transmission Company Limited	27 February 84	Certificate for gas pipeline to Vancouver Island This application is being held in abeyance at the request of the Company.
4. Hydro-Québec	30 March 84	Certificate to construct power line and licence to export electricity to the State of Vermont
5. TransCanada PipeLines Ltd.	17 May 84	Certificate for gas pipeline facilities

Applications filed with the Board are available for examination in the Board's Library.

On the Horizon

On the basis of advance information, it appears probable that the following major matters may be considered by the Board within the next twelve months, most by public hearing.

Company	Description
1. Alberta Natural Gas Company Ltd.	Tolls
2. Manitoba Hydro	Licence to export power to Northern States Power
3. TransAlta Utilities Corporation	Export of power via B.C. Hydro's facilities
4. Dome Petroleum Ltd. and Westcoast Transmission Company Ltd	Tolls on LNG export facilities and on gas pipeline to Dome LNG plant
5. Polar Gas Ltd	Gas pipeline from Mackenzie Delta, Beaufort Sea and Arctic Islands
6. Mobil Oil Canada Ltd. and Sable Gas Systems Ltd	Gas pipeline from Sable Island and export of natural gas to U.S.
7. The New Brunswick Electric Power Commission	Export of power from proposed Lepreau II nuclear plant

8. Manitoba Hydro	Export of power and construction of international power line to the Dakotas and Nebraska
9. Trans-Northern Pipelines Inc.	Tolls
10. Westcoast Transmission Company Ltd	Tolls
11. Trans Mountain Pipe Line Company Ltd	Tolls

Non-Hearing Applications

The Board has before it a number of applications that do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, orders to amend export licences, orders, or certificates, orders to authorize toll adjustments, and licences and orders for the export of oil.

Toll Decisions

The following (non-hearing) toll orders were approved by the Board.

1. Order No. TO-2-84 — Trans-Northern Pipelines Inc. Issued on 21 February 1984, this order provides for an 8 percent reduction in tolls effective 1 March and replaces an interim toll order which was effective 1 December 1983.
2. Order No. TO-4-84 — Trans Mountain Pipe Line Company Ltd. Issued on 26 April 1984, this order provides for a 5 percent reduction in tolls effective 1 May 1984.

Reviews

1. Newfoundland and Labrador Hydro (NLH) — On 5 April 1984, NLH applied for a review of the Board's decision authorizing the export of power and energy by Hydro-Québec to the New York State (see Item 1 under recent Hearing Reports and Decisions). On 1 May, the Board asked for the comments of interested parties to the original hearing on whether a review should be undertaken. The matter is still before the Board.
2. Ocelot Industries Ltd. — On 29 February 1984, Ocelot applied for a review of the Board's January 1983 Gas Export Omnibus Decision denying Ocelot's application to export natural gas. On 29 March 1984, the Board denied the application for review.
3. Trans Quebec and Maritimes Pipeline Inc. (TQM) — By letter dated 18 May 1984, TQM applied for a review of the Board's decision of March 1984 on tolls effective 1 May 1984. The Board is considering the application, (see Item 5 under recent Hearing Reports and Decisions).

Appeals

1. Trans Québec & Maritimes Pipeline Inc. (TQM) — TQM has applied to the Federal Court of Appeal for leave to appeal
 - (a) a decision rendered by the Board on TQM tolls in May 1983 (Orders TG-2-83 and TG-3-83; Reasons for Decision dated June 1983), and
 - (b) a decision of the Board made on 29 August 1983 not to review its May 1983 decision.

This appeal is being made under Section 18 of the NEB Act. TQM has also applied under Section 28 of the Federal Court Act to set aside the Board's August 1983 decision.

In addition, TQM requested, in a motion pursuant to Rules of the Court 1301(3) and 1402, that the Board make available to the Court copies of its internal memoranda and staff papers in connection with both the tolls application and the review application. The Board had declined to provide this information since it did not form part of the record on which the Board's decisions were based, and TQM had sought a direction from the Court in this regard. On 19 April 1984 the Federal Court declined to order the production of this material.

2. Interprovincial Pipe Line Ltd. — Location of propane terminal facilities in Flamborough, Ontario. See item 3 under "Hearings in Progress".
3. Newfoundland and Labrador Hydro (NLH) — NLH has applied to the Federal Court of Appeal for leave to appeal the Board's decision authorizing the export of power and energy by Hydro-Québec to New York State (see Item 1 under Recent Hearing Reports and Decisions).
4. Trans Québec & Maritimes Pipeline Inc. (TQM) — TQM filed two applications in May 1984 with the Federal Court of Appeal for leave to appeal
 - (a) under Section 28 of the Federal Court Act, a decision of the Board dated March 1984 to fix new tolls effective 1 May 1984 (see Item 5 under Recent Hearing Reports and Decisions), and
 - (b) under Sections 18 and 20(3) of the National Energy Board Act, a decision of the Board dated March 1984 on amendments to gas pipeline Certificate GC-65 (see Item 4 under Recent Hearings and Decisions)

Amendments to Rules of Practice and Procedure

The National Energy Board is considering a major revision of its Rules of Practice and Procedure with a view to standardizing and simplifying basic procedural requirements. A draft of the Rules was

distributed for public comment with a letter dated 7 July 1983. Because of the large number and wide variety of comments received, it now appears probable that a second draft will be distributed for comment before the new rules are finalized.

In addition, the Board is reviewing Parts of the Schedule to the Rules, which list the information required in applications for authorization of pipeline facilities as follows:

Part	New or Revised	Instrument Applied For	Section of Act	Type of Pipeline
I	Revised	Certificate	44	Gas
II	Revised	Certificate	44	Oil
VIII	New	Order	49	Gas
IX	New	Order	49	Oil
X	New	Certificate or Order	44 or 49	Gas or Oil

Comments by interested parties on these revised requirements were received. A second draft of Parts I, VIII, and X was sent for comment to NEB-regulated gas pipeline companies and other interested parties on 5 March 1984. A second draft of Parts II, IX, and X was sent to NEB-regulated oil pipeline companies on 27 March 1984, inviting comments by 8 June 1984.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Oil Pipeline Regulations and Gas Pipeline Regulations — A review of these two sets of regulations has been initiated and, by letter dated 7 April 1983, industry was invited to submit comments. The comments are under review. A new draft is to be circulated in the summer of 1984.
2. Construction Cost and Toll Reporting Regulations — Information to be furnished by companies that construct and operate a pipeline. Proposed revised regulations, to replace the Toll Information Regulations which came into effect on 9 April 1979, as well as the Board's Memorandum of Guidance of 21 October 1966, have been drafted. By letter of 28 October 1983, they have been sent to pipeline companies under the Board's jurisdiction and to other interested parties for comments. By letter of 3 February 1984 the date for receipt of comments was extended to 30 April 1984. Comments received are currently under review.
3. Part VI Regulations
 - (a) Amendments to Section 6 concerning the information required in an application for a licence to export electricity. Comments by

interested parties have been received and are under review.

- (b) Amendments to sub-section 18(c) to permit holders of electrical orders authorizing exports of 1 000 kilowatts or less to file export reports less frequently than monthly but at least annually. Currently this permission is limited to exports of 100 kilowatts or less. Awaiting the approval of the Governor in Council.
 - (c) Amendment to Section 25 to clarify the definition of the oil products that are subject to licensing by the Board. Awaiting the approval of the Governor in Council.
4. Gas Export Prices Regulations — Amendment to incorporate
 - (a) a reference to an amendment to the Deferred Exchange Agreement of 14 February 1983 between Westcoast Transmission Company Limited and Northwest Pipeline Corporation, and
 - (b) a reference to natural gas exports under Licence GL-4. In addition, the regulations were amended to reflect a change in the Volume Related Incentive Pricing Scheme for gas exported under Licences GL-4 and GL-41.

Approved by the Governor in Council on 29 March 1984 (P.C. 1984-1064).

5. EAA Natural Gas Prices Regulations, 1981

Amendment to sub-paragraph 3(d)(iii) to reflect a reduction in the monthly demand and commodity charges, approved by the United States Federal Energy Regulatory Agency, for gas transported on the system of Inter-City Minnesota Pipelines Ltd. in the United States for ICG Transmission Holdings Ltd. Approved by Governor in Council on 12 April 1984 (P.C. 1984-1214).
6. EAA Part 1 Regulations

Amendment to Sections 9 to 12 inclusive to modify the method of calculating the share of the revenues from crude oil export charges that is to be paid to producing provinces, and to provide for a two-year limitation on the making of adjustments to past payments. Approved by the Governor in Council on 22 March 1984 (P.C. 1984-958).

Toll Adjustment Procedures

On 17 August 1982 a draft order to establish non-hearing procedures for routine toll adjustment applications by certain oil pipeline companies was sent to interested parties for review and comment

Comments were received in October 1982. Additional comments have recently been received and are being considered. Until new procedures are in place, the toll adjustment procedures detailed in Board Orders TO-3-80 and TO-4-80 are being followed by Interprovincial Pipe Line Ltd., Cochin Pipe Lines Ltd., Trans Mountain Pipe Line Company Ltd. and Trans-Northern Pipelines Inc.

Offshore Pipeline Regulations

A task force with representatives from the Canadian Standards Association, the National Energy Board, the Canada Oil and Gas Lands Administration and industry has been established to draft standards for future Canadian offshore pipelines. An initial draft is expected to be issued to interested parties for comments by the end of 1984.

Energy Supply and Demand Forecast Update, 1983 to 2005

On 17 October 1983 the Board announced that an updated forecast of Canadian energy supply and demand to 2005 would be undertaken by Board staff. Parties interested in participating were invited to submit their assessment of future energy supply and demand developments and their views on the factors that could affect the results. A total of 65 submissions have been received. They may be viewed in the NEB Library in Ottawa and at the NEB Calgary Office. The results of the update are expected to be published late this summer.

Propane, Butanes Export Allocation Program

On 30 April 1984 the Board issued the Propane, Butanes Export Allocation Program for the twelve-month period starting 1 April 1984. Exporters of propane will be allowed to export 36 percent of "net supply" during this period. There will be no restrictions on the volume of butanes destined for export during the 1984-85 allocation year.

Reports and Speeches Available

1. The Board's 1983 Annual Report was tabled in the House of Commons on 3 April 1984. The Report summarizes the Board's functions, responsibilities and activities during calendar year 1983.
2. Report to the Governor in Council in the Matter of Oil Export and Import Licences Issued in 1983. As required by Section 32 of the NEB Act the Board provided, on 30 March 1984, the Governor in Council with its annual report on oil licensing activities for the calendar year 1983.
3. "Getting Ready for the Future: the U.S. Market for Canadian Gas", a speech by C. Geoffrey Edge, Chairman, to the Independent Petroleum

Association of Canada Annual Meeting in Calgary, Alberta on 26 March 1984.

4. "Changes to the National Energy Board Act", a presentation by E.L. Fytche, P. Eng., Chief, Power Systems Planning Division, to the Right of Way Section of the Canadian Electrical Association in Toronto, Ontario on 26 March 1984.
5. "Canadian Energy Development Challenges over the Next Decade", a speech by C. Geoffrey Edge, Chairman, to the 1984 Cambridge Energy Conference on International Energy Policy and the Potential for Change in Cambridge, England on 10 April 1984.
6. "A New Deal for All", a speech by Jacques Farmer, Associate Vice-Chairman, to the Banff '84 Facility Siting Symposium in Banff, Alberta on 17 April 1984.
7. "The Evolution of Canadian Hydrocarbon Developments" a speech by C. Geoffrey Edge, Chairman, to the Norwegian Petroleum Society in Oslo, Norway on 24 April 1984.
8. "A Model for Forecasting the Economic Potential for Enhanced Recovery in Canada", a paper by P.C. Bing, B. Bowers and R.H. Lomas of the Energy Supply Branch, presented at the Annual General Meeting of the Canadian Institute of Mining in April 1984.
9. "Energy Independence: A Bilateral View", a speech by Ralph F. Brooks, Vice-Chairman, to the Northeast International Committee on Energy, International Roundtable on Petroleum, in Providence, Rhode Island on 25 April 1984.
10. "The LPG Industry's Greatest Wish: To Find More Markets", a presentation by Jacques Farmer, Associate Vice-Chairman, to the 1984 National Convention of the Propane Gas Association in Quebec City on 8 May 1984.
11. "The Role of Assessment Agencies, their Relationship to each other and to Project Planning", a speech by Jack R. Jenkins, Member, to the Panel of the Frontier Update '84 Workshop, sponsored by the Arctic Petroleum Operations Association and the Operators Division of the Canadian Petroleum Association in Fairmont, B.C. on 9 May 1984.
12. Introductory remarks by C. Geoffrey Edge, Chairman, as Moderator of a Plenary Session Panel on "New Forms of Energy", at Canada's Second International Energy Conference, Energex '84, in Regina, Sask. on 14 May 1984.
13. Remarks by C. Geoffrey Edge, Chairman, to the Fifth Symposium of the Petroleum Information Committee of the Arab Gulf States, at McMaster University in Hamilton, Ont. on 17 May 1984.

14. A presentation by C. Geoffrey Edge, Chairman, to the Senate Committee on Energy and Natural Resources in Ottawa on 23 May 1984.
15. "Canada-U.S.A. Natural Gas Trade: an Overview", a speech by C. Geoffrey Edge, Chairman, to the Natural Gas Price Policy Conference in New York on 30 May 1984.

Information Bulletins

In September 1983, the Board commenced the issue of a series of information bulletins. Since publication of the last Regulatory Agenda on 1 March 1984, the Board has issued the following two bulletins:

- "Information Bulletin 6: The Board's approach on the regulation of tolls and tariffs under Part IV of the NEB Act". This bulletin provides the text of an outline formulated by the Board concerning its approach to the regulation of pipeline tolls and tariffs. March 1984.
- "Information Bulletin 7: The NEB Library". This bulletin describes the services and resources of the National Energy Board library in Ottawa. May 1984.

Part VI Regulations

A new Office Consolidation of the National Energy Board Part VI Regulations, dated February 1984, is now available from the Board free of charge.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier: (613) 992-0129).

The required number of copies of applications are listed in Appendix I of the Board's Regulatory Agenda Issue No. 8.

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NATIONAL ENERGY BOARD



G. Yorke Slader,
Secretary

For information, please contact:
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Information Services
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REGULATORY AGENDA

SEP 1 1984

This document is also available in French.

Ce document est également publié en français.

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Preface

The purpose of this quarterly Agenda is to provide advance notice of forthcoming regulatory actions and information on the status of ongoing proceedings.

Functions of the Board

The National Energy Board is a court of record. The Board's regulatory responsibilities under the National Energy Board Act encompass mainly the licensing of exports of oil and oil products, natural gas and gas products, and electricity, and the licensing of imports of gas and heavy fuel oil, the certification of interprovincial and international pipelines and international and designated interprovincial power lines, the authorization for pipelines to cross or be crossed by public utilities; the control of the safety of these pipelines; and the regulation of the tolls and tariffs of pipeline companies under federal jurisdiction. In addition, the Board administers certain aspects of the Energy Administration Act and the Northern Pipeline Act.

The Board also advises the Government on matters relating to energy.

Jurisdiction

Except where otherwise noted, jurisdiction over the items listed in this Regulatory Agenda is exer-

cised pursuant to the National Energy Board Act, R.S.C. 1970, c.N-6. An Office Consolidation of the Act, dated March 1983, is available from the Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, K1A 0S9 (Price \$2.75; other countries \$3.30).

Recent Hearing Reports and Decisions

Since the last edition of the Agenda dated 1 June 1984, the following reports have been published by the Board as a result of public hearings:

1. TransCanada PipeLines Ltd. — Reasons for Decision dated July 1984, released 16 July 1984. The report pertains to new tolls effective 1 August 1984, authorized by orders TG-5-84 and TG-6-84.
2. B.C. Hydro — Reasons for Decision dated July 1984, released 16 August 1984. Three licences were issued for the export of power to the western United States, subject to approval by the Governor in Council.
3. Interprovincial Pipe Line Ltd. — Reasons for Decision dated July 1984, released 20 July. This decision concluded that a new Panel of the Board should be designated to conduct a new review of the original decision to allow the location of propane terminal facilities in

Flamborough, Ontario. (See also item 2 under Hearings in Progress).

4. Newfoundland and Labrador Hydro — Reasons for Decision dated June 1984 dismissing an application for review. (See section entitled "Reviews".)
5. Arctic Pilot Project and TransCanada PipeLines Ltd. — On 2 August 1984 the Board dismissed these two related applications, the hearing of which had been adjourned on 31 August 1982. The dismissal was made because APP's agreement with its U.S. buyers had expired and its timetable for the conclusion of agreements with European buyers had slipped to 1985. The dismissal is without prejudice to APP's and TransCanada's rights to submit a new application and to request the Board to incorporate evidence from the hearing into any future proceeding. In reaching its decision, the Board considered views submitted by interested parties.
6. Conference on TransCanada Methodology and Facilities Hearings — Report dated August 1984 on decisions related primarily to the timing of a hearing on the method of regulating the tolls of TransCanada PipeLines Ltd. in relation to a hearing of an application by the company for the construction of facilities required to export additional natural gas. The methodology hearing will begin 30 October 1984. The facilities hearing will probably begin in the Spring of 1985.

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have already been completed:

1. Hydro-Québec — Application for a certificate to construct an international power line and for licences to export electricity to the New England Power Pool (NEPOOL).

Hearing Order EH-3-84.

The hearing was held in Montreal from 15 to 25 May 1984. The Board's decision is expected in September. In August the Board approved interim order AO-7-TG-6-81 providing for interim operating and maintenance budgets for the period ending 31 December 1984.

2. Foothills Pipe Lines (Yukon) Ltd. — Hearing on the tolls to be charged for transmitting natural gas through the prebuilt sections of the Alaska Highway Natural Gas Pipeline.

Hearing Order RH-3-84

The hearing was held in Ottawa from 29 May to 7 June 1984. The Board's decision is expected in October. In August, the Board approved interim order AO-7-TG-6-81 providing for interim operating and maintenance budgets for the period ending 31 December 1984.

Hearings in Progress or Adjourned

1. Maritime Electric Company, Limited (MEC) — Hearing on an application by MEC for orders directing The New Brunswick Electric Power Commission to offer MEC all or part of the electricity to be exported under Licences EL-140, EL-143, and EL-145 on terms not less favourable to MEC than the terms on which the export would be made. The same hearing is also considering the "cross application" dated 4 April 1984 by N.B. Power for amendments to the same licences.

Hearing Order EH-4-84.

The hearing was held in Ottawa from 30 July to 3 August 1984, and was then adjourned to 1 October 1984.

2. Interprovincial Pipe Line Ltd. — Hearing on a request by the Township of Flamborough, Ontario to review the Board's decision to permit Interprovincial to locate propane terminal facilities in the Flamborough area. The Board decided to hold a hearing to receive the submissions of interested parties.

Hearing Order MH-1-83.

The hearing commenced in Burlington, Ontario, on 16 August 1983, and on 19 August was adjourned until 28 September 1983. On 28 September the hearing resumed but once again was adjourned, this time to a date to be announced later. This second adjournment followed an action launched by the Township of Flamborough, which sought leave to appeal to the Federal Court of Appeal on the grounds of both the Board's jurisdiction over two aspects of the matter under review and an alleged apprehension of bias by a Member of the Board participating in the hearing. On 3 October 1983, the court granted leave to appeal and on 15 June 1984 dismissed the Appeal. The Township of Flamborough has applied to the Supreme Court of Canada for leave to appeal the Federal Court of Appeal decision. The application will be heard on 22 October 1984.

On 19 July 1984 the Board designated a new panel of three members to conduct a new review. On 13 August the panel heard motions for a continuation of the adjournment of the hearing pending a decision by the Supreme Court of Canada. The Board decided to continue the adjournment pending the Court's decision.

3. Dome Petroleum Ltd. — Application for a Certificate of Public Convenience and Necessity for facilities to manufacture liquefied natural gas for export to Japan.

Hearing Order GH-1-83.

Phase I of the hearing was held as follows:

Richmond, B.C.	17 — 20 Oct. 1983
Prince Rupert, B.C.	1 — 3 Nov. 1983
Ottawa, Ontario	16 — 23 Nov. 1983

No date has been set for the continuation of the hearing, which depends on receipt of further information in support of the application.

Hearings Scheduled

The following public hearings are scheduled to commence on the dates indicated:

1. Hydro-Québec — Application for two licences to export power and energy to the State of Vermont and for a certificate to construct an international power line.

Hearing Order EH-5-84

Hearing to commence in Montreal on 1 October 1984.

2. TransCanada PipeLines Limited — Method of Toll Regulation. The Board has decided to hold a public hearing to examine, with respect to the tolls charged by TransCanada for transportation of natural gas, the procedures and methods of cost allocation to export and domestic services, allocation of costs to zones, toll design for domestic and export services, and other related issues.

Hearing Order RH-2-84.

As a result of a conference held in Ottawa on 31 July and 2 August 1984, the commencement of the hearing was postponed from 25 September to 30 October 1984.

3. Westcoast Transmission Company Limited — Method of Toll Regulation. At the Board's hearing on Westcoast's 1983 tolls application, the Board announced that it intended to examine the method of regulating the company's tolls in a separate proceeding. The Board has now decided to hold a hearing to examine that issue and certain additional toll matters.

Hearing Order RH-5-83.

Hearing to commence in Vancouver, B.C. on 20 November 1984.

4. Northern Canada Power Commission — Inquiry to obtain the relevant views of interested parties on NCP's rate base, revenue requirements and design of electrical rates for each rate zone in the Territories.

Hearing Order EHR-1-84.

Inquiry to commence in Whitehorse, Yukon on 19 November 1984; continue in Yellowknife from 26 to 29 November and resume in Whitehorse on 7 January 1985 to continue in Yellowknife at a date to be announced later.

Hearing Applications Filed

The following applications have been filed with the Board, but dates have not yet been set for their hearing:

Application	Date of Applicant	Application
1. Foothills	29 June 79	Certificate for Dempster Lateral (dormant)
2. Westcoast Transmission Company Ltd.	20 May 83	Gas pipeline to Dome LNG facilities
3. TransCanada PipeLines Ltd.	17 May 84	Certificate for gas pipeline facilities
4. Polar Gas Ltd	29 June 84	Certificate for a natural gas pipeline from the Mackenzie Delta and Beaufort Sea
5. Manitoba Hydro	2 August 84	Licence to export power to Northern States Power Company

Note: An application filed on 27 February 1984 by Westcoast Transmission Company Ltd. for a certificate to construct a natural gas pipeline to Vancouver Island has now been withdrawn at the request of the company.

Applications filed with the Board are available for examination in the Board's Library.

On the Horizon

On the basis of advance information, it appears probable that the following major matters may be considered by the Board within the next twelve months, most by public hearing:

	Company	Description
1	TransAlta Utilities Corporation	Export of power via B.C. Hydro's facilities
2	Dome Petroleum Ltd. and Westcoast Transmission Company Ltd	Tolls on LNG export facilities and on gas pipeline to Dome LNG plant
3	Mobil Oil Canada Ltd. and Sable Gas Systems Ltd	Gas pipeline from Sable Island and export of natural gas to U.S
4	The New Brunswick Electric Power Commission	Export of power from proposed Lepreau II nuclear plant
5	Manitoba Hydro	Export of power and construction of international power line to the Dakotas and Nebraska
6	Trans-Northern Pipelines Inc.	Tolls
7	Westcoast Transmission Company Ltd	Tolls
8	Trans Mountain Pipe Line Company Ltd.	Tolls
9	TransCanada PipeLines Ltd	Tolls

Non-Hearing Applications

The Board has before it a number of applications that do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, orders to amend export licences, orders, or certificates, orders to authorize toll adjustments, and licences and orders for the export of oil.

Reviews

1. Newfoundland and Labrador Hydro (NLH) — On 5 April 1984, NLH applied for a review of the Board's decision authorizing the export of power and energy by Hydro-Québec to New York State. In Reasons for Decision released on 18 June, the Board denied the application.
2. Trans Québec & Maritimes Pipeline Inc. (TQM) — By letter dated 18 May 1984, TQM applied for a review of the Board's decision of March 1984 on tolls effective 1 May 1984. On 26 June the Board decided to grant the review, and sought the comments of interested parties. In a decision dated 9 August 1984, the Board granted TQM's request for an increase in the interest rate to be recovered on short-term debt, although it denied the company's request for a deferral account (Order TG-7-84).

Appeals

1. Trans Québec & Maritimes Pipeline Inc. (TQM) — TQM applied to the Federal Court of Appeal for leave to appeal
 - (a) a decision rendered by the Board on TQM tolls in May 1983 (Orders TG-2-83 and TG-3-83; Reasons for Decision dated June 1983), and

- (b) a decision of the Board made on 29 August 1983 not to review its May 1983 decision.

This appeal was made under Section 18 of the NEB Act. TQM also applied under Section 28 of the Federal Court Act to set aside the Board's August 1983 decision.

In addition, TQM requested, in a motion pursuant to Rules of the Court 1301(3) and 1402, that the Board make available to the Court copies of its internal memoranda and staff papers in connection with both the tolls application and the review application. The Board had declined to provide this information since it did not form part of the record on which the Board's decisions were based, and TQM had sought a direction from the Court in this regard. On 19 April 1984 the Federal Court declined to order the production of this material. On 14 August 1984, the Federal Court dismissed TQM's application for leave to appeal under Section 18 of the NEB Act.

2. Interprovincial Pipe Line Ltd. — Location of propane terminal facilities in Flamborough, Ontario. See item under "Hearings in Progress".
3. Newfoundland and Labrador Hydro (NLH) — NLH applied to the Federal Court of Appeal for leave to appeal the Board's January 1984 decision (released 8 March 1984) authorizing the export of power and energy by Hydro-Québec to New York State. This matter was heard by the Court on 4 June 1984. NLH raised six grounds of appeal and the Court dismissed the application on five of those grounds. Leave was granted on the question of whether the Board had the jurisdiction to issue Licences EL-154 and EL-155 for short term firm power exports. NLH and Churchill Falls (Labrador) Corporation Limited have advised the Board that they will not be proceeding with the appeal.
4. Trans Québec & Maritimes Pipeline Inc. (TQM) — TQM has filed the following applications in the Federal Court of Appeal:
 - (a) In May 1984 TQM applied under section 28 of the Federal Court Act to set aside the Board's decision dated March 1984 fixing new tolls effective 1 May 1984.
 - (b) In May 1984 TQM applied under section 18 of the National Energy Board Act for leave to appeal a decision of the Board dated March 1984 on amendments to gas pipeline Certificate GC-65. The company subsequently withdrew this application.
 - (c) In June 1984 TQM applied under section 18 of the NEB Act for leave to appeal the Board's March 1984 decision fixing new tolls.

Amendments to Rules of Practice and Procedure

The National Energy Board has undertaken a major revision of its Rules of Practice and Procedure with a view to standardizing and simplifying basic procedural requirements. A draft of the Rules was distributed for public comment with a letter dated 7 July 1983. Because of the large number and wide variety of comments received, a second draft will be distributed shortly for further comment before the new rules are finalized.

In addition, the Board is reviewing Parts of the Schedule to the Rules, which list the information required in applications for authorization of pipeline facilities as follows:

Part	New or Revised	Instrument Applied For	Section of Act	Type of Pipeline
I	Revised	Certificate	44	Gas
II	Revised	Certificate	44	Oil
VIII	New	Order	49	Gas
IX	New	Order	49	Oil
X	New	Certificate or Order	44 or 49	Gas or Oil

Comments by interested parties on these revised requirements were received. A second draft of Parts I, VIII, and X was sent for comment to NEB-regulated gas pipeline companies and other interested parties on 5 March 1984. A second draft of Parts II, IX, and X was sent to NEB-regulated oil pipeline companies on 27 March 1984, inviting comments by 8 June 1984. The comments were reviewed at a meeting of Board staff and representatives from industry held in Ottawa on 8 August 1984. It is now intended to finalize these schedules.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Oil Pipeline Regulations and Gas Pipeline Regulations — A review of these two sets of regulations has been initiated and, by letter dated 7 April 1983, industry was invited to submit comments. The comments are under review. A new draft is to be circulated in the fall of 1984.
2. Construction Cost and Toll Reporting Regulations — Information to be furnished by companies that construct and operate a pipeline. Proposed revised regulations have been drafted to replace the Toll Information Regulations which came into effect on 9 April 1979, as well as the Board's Memorandum of Guidance of 21 October 1966. By letter of 28 October 1983, the draft regulations were sent for comments to pipeline companies under the Board's jurisdiction and to other interested parties. Comments received are currently under review.

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- (b) Amendments to sub-section 18(1)(c) to permit holders of electrical orders authorizing exports of 1 000 kilowatts or less to file export reports less frequently than monthly but at least annually. Currently this permission is limited to exports of 100 kilowatts or less. Subject to approval by Governor in Council.
- (c) Amendment to Section 25 to clarify the definition of the oil products that are subject to licensing by the Board. Subject to approval by Governor in Council

4. Gas Export Prices Regulations

Amendment to add section 12 to make reference to the monthly Volume Related Incentive Pricing (VRIP) scheme for exports by ProGas to ANR Pipeline Company in the period 1 November 1983 to 31 October 1984. Subject to approval by Governor in Council.

5. EAA Natural Gas Prices Regulations, 1981

Amendment to reflect the increase in the Alberta Border Price on 1 August 1984 and the increase in the tolls of TransCanada PipeLines Limited resulting from the Board's Decision of July 1984 (see Recent Hearing Reports and Decisions). The amendment also provides for the elimination of the difference in the method of establishing AOI (Authorized Overrun Interruptible) tolls in the Eastern Zone for TransCanada and Trans Québec & Maritimes Pipeline Inc. (TQM). All AOI tolls, in the Eastern Zone are now based on the incremental costs of providing that service. Approved by Governor in Council on 25 July 1984. (P.C. 1984-2637).

6. Foothills Pipe Lines (Yukon) Ltd. — Special Charge Accounting Regulations (1552-F6)

On 12 June 1984 the Board distributed to interested parties for comments draft Special Charge Accounting Regulations, which concern the accounting for the special charge in the tariff for the prebuilt facilities of the Alaska Highway Natural Gas Pipeline. The deadline for receipt of comments has been extended to 30 days from the date on which the Board releases its Reasons for Decision on Foothills Tolls application.

Toll Adjustment Procedures

On 17 August 1982 a draft order to establish non-hearing procedures for routine toll adjustment applications by certain oil pipeline companies was sent to interested parties for review and comment. Comments were received in October 1982. Additional comments have recently been received and are being considered. Until new procedures are in place, the toll adjustment procedures detailed in Board Orders TO-3-80 and TO-4-80 are being followed by Interprovincial Pipe Line Ltd., Cochin Pipe Lines Ltd., Trans Mountain Pipe Line Company Ltd. and Trans-Northern Pipelines Inc.

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On 17 October 1983 the Board announced that an updated study of Canadian energy supply and demand to 2005 would be undertaken by Board staff. Parties interested in participating were invited to submit their assessment of future energy supply and demand developments and their views on the factors that could affect the results. A total of 65 submissions were received. They may be viewed in the NEB Library in Ottawa and at the NEB Calgary Office. A report is expected to be published in mid September.

Submission to FERC

By letter dated 25 June 1984 the Board made a submission to the Federal Energy Regulatory Commission (FERC) of the United States, expressing concern about the possible effects on Canada of the Commission's Order 380. This order requires that in the tariffs of U.S. pipelines, variable costs shall not include costs for gas not taken (Commonly known as "take or pay"). In July the FERC decided to exempt gas exported on the prebuild ANGTS from Order 380, and stayed until 1 November 1984, the effect of this Order as it relates to take-or-pay matters.

Gas Export Pricing

By letter of 24 August 1984, the Board informed gas licence holders and others that the Minister of Energy, Mines and Resources had formally advised the Board of the Government's new export pricing

policy for natural gas, effective 1 November 1984, and the Board's responsibilities under this policy. After 1 November 1984, exporters will have the option of negotiating prices which will be subject to approval of the Board and the Government. For further information, contact Max Feldman (EM&R) at 995-2500, ext. 369.

The Board will shortly be releasing a directive outlining the information required to be filed by those licence holders wishing to amend the pricing conditions in their existing licences and orders, and for applications for new licences or orders.

Reports and Speeches Available

1. "Canadian Electric Utilities — Analysis of Generation and Trends, 1982", released in June 1984. This publication provides data on electric utility generation, fuel consumption, and fuel costs in 1982.
2. "Problems and Opportunities for Major Canadian Energy Projects", a speech by C. Geoffrey Edge, Chairman, to the International Federation of Operational Research Societies (IFORS) Tenth Triennial Conference on Operations Research in Washington, D.C. on 9 August 1984.
3. "Mixed Integer Programming Applied to the Allocation of Natural Gas", a presentation by R.C. Richards and M.C. Walker to the IFORS Tenth Triennial Conference on Operations Research in Washington, D.C. on 9 August 1984.

Part VI Regulations

A new Office Consolidation of the National Energy Board Part VI Regulations, dated February 1984, is now available from the Board free of charge.

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NATIONAL ENERGY BOARD

A handwritten signature in dark ink, appearing to read "G. Yorke Slader." with a stylized initial "G" and a period at the end.

G. Yorke Slader
Secretary

A single, short, horizontal handwritten stroke in dark ink.

For information, please contact:
Ann Sicotte, Chief
Information Services
(613)993-6936

NATIONAL ENERGY BOARD



OFFICE NATIONAL DE L'ÉNERGIE

REGULATORY AGENDA

This document is also available in French

Ce document est également publié en français.

Issue No. 11

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1 December 1984

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Preface

The purpose of this quarterly Agenda is to provide advance notice of forthcoming regulatory actions and information on the status of ongoing proceedings.

Functions of the Board

The National Energy Board is a court of record. The Board's regulatory responsibilities under the National Energy Board Act encompass mainly the licensing of exports of oil and oil products, natural gas and gas products, and electricity, and the licensing of imports of gas and heavy fuel oil, the certification of interprovincial and international pipelines and international and designated interprovincial power lines, the authorization for pipelines to cross or be crossed by public utilities; the control of the safety of these pipelines; and the regulation of the tolls and tariffs of pipeline companies under federal jurisdiction. In addition, the Board administers certain aspects of the Energy Administration Act and the Northern Pipeline Act.

The Board also advises the Government on matters relating to energy.

Jurisdiction

Except where otherwise noted, jurisdiction over the items listed in this Regulatory Agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1970, c.N-6. An Office Consolidation of the Act, dated March 1983, is available from the Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, K1A 0S9 (Price \$2.75; other countries \$3.30).

Recent Hearing Reports and Decisions

Since the last edition of the Agenda, dated 1 September 1984, the following reports have been published by the Board as a result of public hearings:

1. Hydro-Québec

Reasons for Decision dated August 1984, released 17 September 1984. The Board approved three licences and amendments to existing licences authorizing the export of interruptible and short-term firm power and energy to the New England Power Pool together with a certificate allowing the construction of an international power line over which the exports to New England will be made. The certificate and

licences were approved by Governor in Council approval on 22 November 1984 (P.C. 1984-3719, -3720, -3721).

2. Foothills Pipe Lines (Yukon) Ltd.

Reasons for Decision dated September 1984, released 23 October 1984. The report deals with a broad range of financial matters including the company's tolls and tariffs.

3. Alberta and Southern Gas Co. Ltd., TransCanada PipeLines Ltd., ProGas Ltd., Sulpetro Ltd., Westcoast Transmission Company Ltd., Pan-Alberta Gas Ltd.

Eight Reasons for Decisions dated October 1984, released 2 November 1984, amending twenty-two gas export licences to specify the new negotiated price contained in amendments to the pertinent gas sales contracts. (Approval of the contract amendments was made by the Board pursuant to Section 35 of the Part VI Regulations). Hearings were not required for the ProGas, Sulpetro and Pan-Alberta applications.

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have already been completed:

1. Maritime Electric Company, Ltd. (MEC)

Application for orders directing The New Brunswick Electric Power Commission to offer MEC all or part of the electricity to be exported under Licences EL-140, EL-143 and EL-145 on terms not less favourable to MEC than the terms on which the export would be made. The "cross application" dated 4 April 1984 by N.B. Power for amendments to the same licences is also pending a decision.

Hearing Order EH-4-84

The hearing was held in Ottawa from 30 July to 3 August and from 1 October to 4 October 1984. The Board's decision is expected early in the new year.

2. Hydro-Québec

Application for two licences to export power and energy to the State of Vermont and for a certificate to construct an international power line.

Hearing Order EH-5-84

The hearing was held in Montreal from 1 to 3 October 1984. The Board's decision is expected in January.

3. Shell Canada Ltd.

Application seeking orders under Sections 11 and 12 of the NEB Act requiring Air Canada, Nordair Ltd.,

Quebecair and Pacific Western Airlines Ltd. to pay Shell certain monies invoiced by Shell in relation to sales of aviation turbine fuel to the airlines between February 1982 and April 1983 for use in international transportation.

Hearing Order MH-2-84

The hearing was held in Hull from 23 October to 24 October 1984. A decision is expected shortly.

4. Manitoba Hydro

Application for a licence authorizing the export of electric power and energy to Northern States Power Company which provides power to the north-central United States.

Hearing Order EH-6-84

The hearing was held in Winnipeg, Manitoba from 5 to 16 November 1984. The Board's decision is expected early in the new year.

Hearings in Progress or Adjourned

1. Interprovincial Pipe Line Ltd.

Hearing on a request by the Township of Flamborough, Ontario to review the Board's decision to permit Interprovincial to locate propane terminal facilities in the Flamborough area. The Board decided to hold a hearing to receive the submissions of interested parties.

Hearing Order MH-1-83.

The hearing commenced in Burlington, Ontario, on 16 August 1983, and on 19 August was adjourned until 28 September 1983. On 28 September the hearing resumed but once again was adjourned, this time to a date to be announced later. This second adjournment followed an action launched by the Township of Flamborough, which sought leave to appeal to the Federal Court of Appeal on the grounds of both the Board's jurisdiction over two aspects of the matter under review and an alleged apprehension of bias by a Member of the Board participating in the hearing. On 3 October 1983, the court granted leave to appeal and on 15 June 1984 dismissed the Appeal. The Township of Flamborough has applied to the Supreme Court of Canada for leave to appeal the Federal Court of Appeal decision. The application is expected to be heard on 17 December 1984.

On 19 July 1984 the Board designated a new panel of three members to conduct a new review. On 13 August the panel heard motions for a continuation of the adjournment of the hearing pending a decision by the Supreme Court of Canada. The Board decided to continue the adjournment pending the Court's decision.

2. *Dome Petroleum Ltd.*

Application for a Certificate of Public Convenience and Necessity for facilities to manufacture liquefied natural gas for export to Japan.

Hearing Order GH-1-83.

Phase I of the hearing was held as follows:

Richmond, B.C.	17 - 20 Oct. 1983
Prince Rupert, B.C.	1 - 3 Nov. 1983
Ottawa, Ontario	16 - 23 Nov. 1983

No date has been set for the continuation of the hearing, which depends on receipt of further information in support of the application.

The Board has received a letter from Canada LNG Corporation requesting, among other things, that Dome's application be assigned to it. The Corporation also requested that the Board assign to it Dome's export licence, GL-76, which authorizes the export of LNG to Japan, and the application of 20 May 1983 by Westcoast Transmission Company Limited to construct the associated pipeline facilities. In November the Board conditionally approved the assignment of Licence GL-76. The Board's decision is subject to approval by Governor in Council. The Board has also approved the assignment of the facilities application of Dome and Westcoast to Canada LNG Corporation.

3. *TransCanada PipeLines Ltd.*

Method of Toll Regulation. Hearing to examine the method of regulating TransCanada's tolls for transportation of natural gas, the procedures and methods of cost allocation to export and domestic services, allocation of costs to zones, toll design for domestic and export services, and other related issues. This is the first major review of TransCanada's toll methodology since the first hearings in 1971.

Hearing Order RH-2-84

The hearing commenced in Hull on 30 October 1984 and was adjourned on 14 November 1984 to allow TransCanada to file additional information on toll design under alternative pricing assumptions. The hearing will resume in Ottawa on 21 January 1985.

4. *Westcoast Transmission Company Ltd.*

Method of Toll Regulation. Hearing to examine the method of regulating the company's tolls and to examine certain additional toll matters. This is the first major review of Westcoast's toll methodology since the hearing held in 1978.

Hearing Order RH-5-83

Hearing commenced in Vancouver on 20 November 1984 and is still proceeding

5. *Gulf Canada Ltd.*

Hearing on an application by Gulf Canada Limited for an order, pursuant to Section 59 of the NEB Act, directing Trans Mountain to transport certain volumes of oil product. The question of interim tolls for Trans Mountain was dealt with at this hearing.

Hearing Order RH-4-84

The hearing was held in Ottawa on 26, 27 and 28 November 1984.

6. *Trans Mountain Pipe Line Company Ltd.*

Hearing on an application by Trans Mountain for approval of new tolls to be charged for the transmission of oil.

Hearing Order RH-4-84

This matter will be heard as the second phase of the Trans Mountain/Gulf hearing, Item 5 above, commencing in Ottawa on 7 January 1985.

Hearings Scheduled

The following public hearings are scheduled to commence on the dates indicated:

1. *Northern Canada Power Commission*

Inquiry to obtain the relevant views of interested parties on NCP's rate base, revenue requirements and design of electrical rates for each rate zone in the Territories.

Hearing Order EHR-1-84.

Inquiry postponed until February 1985, at the earliest. Appointment is awaited of Temporary Board Members from the Yukon and Northwest Territories.

Hearing Applications Filed

The following applications have been filed with the Board, but dates have not yet been set for their hearing:

Applicant	Date of Application	Application
1. Foothills	29 June 79	Certificate for Dempster Lateral (dormant)
2. TransCanada PipeLines Ltd.	17 May 84	Certificate for gas pipeline facilities
3. Polar Gas Ltd	29 June 84	Certificate for a natural gas pipeline from the Mackenzie Delta and Beaufort Sea

Applications filed with the Board are available for examination in the Board's Library.

On the Horizon

On the basis of advance information, it appears probable that the following major matters will be considered by the Board within the next twelve months, most by public hearing:

Company	Description
1. TransAlta Utilities Corporation	Export of power via B.C. Hydro's facilities
2. Canada LNG Corporation	Tolls on LNG export facilities and on natural gas pipeline to LNG plant
3. The New Brunswick Electric Power Commission	Export of power from proposed Lepreau II nuclear plant
4. Manitoba Hydro	Export of power and construction of international power line to the Dakotas and Nebraska
5. Trans-Northern Pipelines Inc	Tolls
6. Westcoast Transmission Company Ltd	Tolls
7. TransCanada PipeLines Ltd.	Tolls
8. Mobil Oil Canada Ltd. and Sable Gas Systems Ltd.	Gas pipeline from Sable Island and export of natural gas to U.S
9. Cochin Pipe Lines Ltd	Tolls
10. Alberta Natural Gas Co. Ltd	Tolls
11. Trans Québec & Maritimes Pipeline Inc	Tolls

Negotiated Natural Gas Export Prices

On 13 July 1984, the Minister of Energy, Mines & Resources announced a change in natural gas export pricing policy to permit buyers and sellers to negotiate export prices effective 1 November 1984. Under the new policy, such negotiated prices are subject to review by the National Energy Board on the basis of criteria announced by the Minister.

As a result, the Board received several applications either for short-term export orders at negotiated prices or for amendments to the pricing conditions of contracts underpinning existing licences.

The Board's practice is to request the comments of interested parties on the applications and hold a hearing where warranted.

A. Short-Term Natural Gas Export Orders

The National Energy Board Part VI Regulations permit the Board to issue short-term orders for the export of natural gas.

The following table lists the status of applications recently received.

Application	Date	Disposition
Czar Resources	10 February 1984	Approved (GO-7-84)
Vector Energy Systems Ltd.	19 June 1984	Denied
Sulpetro Ltd.	18 July 1984	Approved (GO-4-84)
Westcoast Transmission Company Ltd.	6 September 1984	Approved (GO-5-84)
Dome Petroleum Ltd.	28 August 1984	Withdrawn
Dome Petroleum Ltd.	9 October 1984	Withdrawn
Northridge Petroleum Marketing Inc.	6 September 1984	Denied
Amoco Canada	31 October 1984	(Pending)

B. Natural Gas Licence Amendments

Recent decisions are summarized under "Recent Hearing Reports and Decisions". Currently before the Board are the following applications:

Application	Date	Description
ProGas Ltd.	1 November 1984	Amend Licence GL-56 (exports to Tennessee Gas Pipeline Company)
Canadian-Montana Pipe Line Co.	8 November 1984	Amend Licences GL-52, GL-72 and Order GO-3-79 (exports to Montana Power Co.)

Non-Hearing Applications

The Board has before it a number of applications that do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems; orders to amend export licences, orders, or certificates; orders to authorize toll adjustments; and licences and orders for the export of oil.

Appeals

1. Interprovincial Pipe Line Ltd. - Location of propane terminal facilities in Flamborough, Ontario. See item under "Hearings in Progress".
2. Trans Québec & Maritimes Pipeline Inc. (TQM) - TQM applied to the Federal Court of Appeal for leave to appeal:
 - (a) a decision rendered by the Board on TQM's tolls in May 1983 (Orders TG-2-83 and TG-3-83; Reasons for Decision dated June 1983); and
 - (b) a decision of the Board made on 29 August 1983 not to review its May 1983 decision.

This appeal was made under Section 18 of the NEB Act. TQM also applied under Section 28 of the Federal Court Act to set aside the Board's August 1983 decision.

On 14 August 1984, the Federal Court dismissed TQM's application for leave to appeal under Section 18 of the NEB Act. The Board has moved to quash the Section 28 application on the ground that the issues raised are similar to those dismissed by the Court on the Section 18 application for leave to appeal. The matter is being argued in the Federal Court of Appeal on 6 December 1984.

3. Trans Québec & Maritimes Pipeline Inc. (TQM) - TQM has filed the following applications in the Federal Court of Appeal:

- (a) In May 1984 TQM applied under section 28 of the Federal Court Act to set aside the Board's decision dated March 1984 fixing new tolls effective 1 May 1984.
- (b) In June 1984 TQM applied under section 18 of the NEB Act for leave to appeal the Board's March 1984 decision fixing new tolls.

On 5 November 1984, TQM applied to the Court for an Order directing the joinder of these two proceedings.

4. The Canadian Petroleum Association and the Independent Petroleum Association - In September 1984, The Canadian Petroleum Association (CPA) and the Independent Petroleum Association (IPAC) applied pursuant to section 18 of the National Energy Board Act for leave to appeal the Board's August 1984 decision. That decision granted in part TQM's application pursuant to section 17 of the National Energy Board Act for a review of the Board's March 1984 decision setting TQM's tolls. That matter will be argued in the Federal Court of Appeal on 6 December 1984.

CPA and IPAC also filed an application under section 28 of the Federal Court Act to review and set aside Order TG-7-84.

Inclusion in Tolls of Costs of Appeals

The Board recently addressed the issue of allowance in tolls of costs of applications for review under the NEB Act, of requests for leave to appeal, and of appeals to the Federal Court.

The issue was raised when Trans-Quebec & Maritimes Pipeline Inc. (TQM) asked the Board to approve the establishment of deferral accounts to

record the costs incurred in pursuing appeals of the Board's recent decision on the company's tolls.

The Board allowed the establishment of the deferral accounts, on an interim basis. The inclusion of the deferred costs, or a portion thereof, in cost of service will be reviewed at TQM's next toll hearing. The Board also asked TQM to raise at the hearing the issue of the use of deferral accounts for the purpose of accumulating such legal costs.

Amendments to Rules of Practice and Procedure

The National Energy Board has undertaken a major revision of its Rules of Practice and Procedure with a view to standardizing and simplifying basic procedural requirements. A draft of the Rules was distributed for public comment in July 1983. Because of the large number and wide variety of comments received, a second draft was distributed with a letter dated 12 September 1984, and the replies are now under review for the purpose of finalizing the revised Rules.

In addition, the Board has completed its review of Parts of the Schedule to the Rules, which list the information required in applications for authorization of pipeline facilities as follows:

Part	New or Revised	Instrument Applied For	Section of Act	Type of Pipeline
I	Revised	Certificate	44	Gas
II	Revised	Certificate	44	Oil
VIII	New	Order	49	Gas
IX	New	Order	49	Oil
X	New	Certificate or Order	44 or 49	Gas or Oil

Comments by interested parties on a second draft of these revised Parts were reviewed at a meeting of Board staff and representatives from industry held in Ottawa on 8 August 1984. The final draft of the five Parts was sent to pipeline companies under the Board's jurisdiction with a letter dated 17 October 1984. Although the Board has now approved the Parts in principle, they must be approved by the Department of Justice and published in the Canada Gazette before they become binding. Companies have been asked to use these schedules while this process is being completed.

Environmental Information Requirements for Gas Plants and Similar Facilities

On 11 October 1984, all companies under the Board's jurisdiction were sent draft guidelines, outlining the environmental information required with applications for gas plants and similar facilities, and

were invited to comment by 30 November. The interim guidelines are intended to aid companies and consultants in the preparation of applications, such as for the Venture project.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Oil Pipeline Regulations and Gas Pipeline Regulations

A review of these two sets of regulations has been initiated and, by letter dated 7 April 1983, industry was invited to submit comments. The comments have been reviewed and a final copy of the "Onshore Pipeline Regulations" is expected to be available in late 1984.

2. Construction Cost and Toll Reporting Regulations

Information to be furnished by companies that construct and operate a pipeline.

Draft regulations to replace the Toll Information Regulations which came into effect on 9 April 1979, as well as the Board's Memorandum of Guidance of 21 October 1966, were issued for comment on 28 October 1983 to pipeline companies under the Board's jurisdiction and to other interested parties. Comments received are currently under review. The Large Oil Pipeline Committee has requested that toll adjustment procedures for large oil pipeline companies be finalized before resolving toll reporting procedures.

3. Part VI Regulations

- (a) Amendments to Section 6 concerning the information required in an application for a licence to export electricity. Comments by interested parties have been received and are under review.
- (b) Amendments to sub-section 18(1)(c) to permit holders of electrical orders authorizing exports of 1 000 kilowatts or less to file export reports less frequently than monthly but at least annually. Currently this permission is limited to exports of 100 kilowatts or less. Subject to approval by Governor in Council.
- (c) Amendment to Section 25 to clarify the definition of the oil products that are subject to licensing by the Board. Subject to approval by Governor in Council.
- (d) Amendment to paragraph 19(2)(b) to eliminate the requirement that exports of pro-

pane and butanes involving subsequent or previous imports may be authorized by order only if made by pipeline. Approved by Governor in Council on 1 November 1984. (P.C. 1984-3504).

4. Gas Export Prices Regulations

- (a) Amendment to extend the volume related incentive pricing (VRIP) scheme to the period 1 November 1984 to 31 October 1985. Included were a change in the definition of "base quantity", changes in the base quantities and their applicability to certain licences for the new period, and the revocation of the monthly VRIP schemes for companies who have not applied for continuation of the monthly scheme. Approved by Governor in Council on 1 November 1984. (P.C. 1984-3508)
- (b) Various amendments to establish the prices of gas exports by individual companies or to make administrative changes, as follows:

Company	Order-in-Council
Czar Resources Ltd.	P.C. 1984-3509 (1 Nov. 1984)
Sulpetro Ltd.	P.C. 1984-3510 (1 Nov. 1984)
ProGas Ltd.	P.C. 1984-3511 (1 Nov. 1984)
Alberta & Southern Gas Co. Ltd.	P.C. 1984-3514 (1 Nov. 1984)
TransCanada PipeLines Ltd.	P.C. 1984-3515 (1 Nov. 1984)
Westcoast Transmission Co. Ltd.	P.C. 1984-3513 (1 Nov. 1984)
Pan-Alberta Gas Ltd.	P.C. 1984-3512 (1 Nov. 1984)

5. EAA Natural Gas Prices Regulations

Various amendments to prescribe the prices at which companies purchase Alberta gas outside Alberta for consumption in the domestic or export market, as follows:

Company	Order-in-Council
Westcoast Transmission Co. Ltd.	P.C. 1984-3507 (1 Nov. 1984)
Simplot Chemical Co. Ltd. and Pan Alberta Gas Ltd	P.C. 1984-3505 (1 Nov. 1984)
Foothills Pipe Lines (Yukon) Ltd	P.C. 1984-3506 (1 Nov. 1984)

6. Foothills Pipe Lines (Yukon) Ltd. - Special Charge Accounting Regulations (1552-F6)

On 12 June 1984 the Board distributed to interested parties for comments draft Special Charge Accounting Regulations, which concern the accounting for the special charge in the tariff for the prebuilt facilities of the Alaska Highway Natural Gas Pipeline. The deadline for receipt of comments was 23 November 1984.

7. E.A.A. Part I Regulations

Amendment to revise the administrative arrangements for the sharing of the revenues from oil export

changes among the provinces. Subject to Governor in Council approval.

Tariff Matters

1. Foothills Pipe Lines (Yukon) Ltd.

The Board amended Foothills' tariff order to extend for a four-month period, until 1 March 1985, the provision in the tariff for a depreciation rate of 4 percent. (Order No. AO-6-TG-4-82, dated 31 October 1984).

2. Trans Mountain Pipe Line Company Ltd.

The Board issued an interim tariff order providing for an increase in the tolls to be charged by Trans Mountain to Gulf Canada Ltd. for the handling of propane at the Westridge terminal in British Columbia. Final resolution of this matter will be made at the forthcoming Trans Mountain toll hearing. (Order No. TOI-2-84, dated 7 November 1984).

3. Interprovincial Pipe Line Limited (IPL)

On 13 November 1984 the Board sent a letter to IPL informing the company that the Board is to examine the question of an appropriate toll to be charged for the transportation of heavy crude oil through the IPL pipeline. Currently there is a 15 percent surcharge on heavy crude movements. The Board asked IPL to provide a study on the matter by 7 December 1984.

Toll Adjustment Procedures

The Board has under review the toll adjustment procedures for the large oil pipelines namely, Cochin Pipe Lines Ltd., Interprovincial Pipe Line Limited, Trans Mountain Pipe Line Company Ltd. and Trans-Northern Pipe Line Company. By letter dated 12 October 1984, the Board has indicated that it is inclined to retain the existing class 1, 2 and 3 toll adjustment procedures first established by Board Orders TO-3-80 and TO-4-80. By the same letter, the Board requested interested parties to comment on the inability to forecast throughputs accurately and, within the present toll adjustment framework, the resulting consequences on Company earnings and tolls to shippers. Comments received are currently under review.

Offshore Pipeline Standard and Offshore Pipeline Regulations

A task force with representatives from the Canadian Standards Association, the National Energy Board, the Canada Oil and Gas Lands Administration and industry has been established to draft standards for future Canadian offshore pipelines. The initial standard is expected to be ratified by the end of 1984,

and made available to interested parties through the CSA.

Offshore Pipeline Regulations are being drafted using the CSA Preliminary Offshore Pipeline Standard as a technical basis. A draft of these new Regulations is expected to be distributed to industry for comment in late 1984.

Canadian Oil and Gas Pipeline Maps

The Department of Energy, Mines and Resources and the Board have collaborated in the preparation of two maps, one showing Canadian oil pipelines, the other showing Canadian natural gas pipelines. The maps are available in either English or French, at a price of \$3.50 each, from the Canada Map Office, Energy, Mines and Resources Canada, Ottawa or your nearest map dealer. Quote MCR 4048 for the oil pipeline map and MCR 4049 for the gas pipeline map.

Electric Power Map

A similar new map showing the main electric generation and transmission facilities in Canada is available from the same Canada Map Office at a price of \$6.00. Quote MCR 4069.

Reappointment of NEB Chairman

The Honourable Pat Carney, Minister of Energy, Mines and Resources, announced that the Governor in Council has approved the reappointment of Charles Geoffrey Edge as Chairman and Member of the National Energy Board for a two-year period effective 1 January 1985. Mr. Edge was appointed a member of the Board in 1971 and designated Associate Vice-Chairman in 1975, Vice-Chairman in 1978, and Chairman in November 1980.

Organization Changes

In order to improve the coordination of pipeline regulatory activities at the Board, Mr. Kenneth W. Vollman has been assigned to fill the position of Director General in the new office of the Director General, Pipeline Regulation, effective 24 September 1984. Mr. Vollman will provide a central staff point where general matters not involving a particular facility or rate case may be discussed. Reporting to Mr. Vollman are Mr. Don Epp, who will continue as Director of the Financial Regulatory Branch; Mr. Peter Carr who has assumed the responsibilities of Director of the Environment and Right-of-Way Branch; and Mr. Ed Gordon, who has assumed the responsibilities of Director of the Pipeline Engineering and Operations Branch and Chief Engineer of

the Board. Mr. Peter Miles has assumed the responsibilities of the Director General, Energy Studies, and will also continue as Director of the Economics Branch.

Twenty-fifth Anniversary

The National Energy Board marked its 25th Anniversary on 2 November 1984 with the release of a publication entitled "Twenty-five Years in the Public Interest". The publication highlights the major events in the Board's history and in the regulation of the energy industry in Canada since the National Energy Board Act was proclaimed on 2 November 1959. Copies of the publication have been distributed through the Board's mailing lists. Additional copies are available on request.

Reports and Speeches Available

1. "Electricity Trade between Canada and the United States", a paper prepared by the Electric Power Branch, dated June 1984.
2. "Regulatory Reform at the NEB", a paper presented by John S. Klenavic, Director Plans, to the Canadian Association of Members of Public Utility Tribunals (CAMPUT) in September 1984.
3. "Trading in Power", notes for a presentation by Ralph F. Brooks, Vice-Chairman, to the Binational Conference on Electricity Exchange in Lake Placid, New York on 6 September 1984.
4. "North American Natural Gas Policy and Trade: Canada", a presentation by C. Geoffrey Edge, Chairman, to the Petroleum and Natural Gas Conference sponsored by the Canadian Energy Research Institute in Calgary, Alberta on 25 September 1984.
5. "United States-Canada Energy Trade", an article by C. Geoffrey Edge, Chairman, published in the October 1984 issue of Geopolitics of Energy.
6. "Export Market Opportunities", notes for a presentation by Ralph F. Brooks, Vice-Chairman, to the Eighth Canadian Energy Forum in Vancouver, B.C. on 30 October 1984.
7. "Réglementation de l'Exportation d'Électricité - Les Défis et les Problèmes" (Regulating Exports of Electricity - Challenges and Problems), a speech by Jacques Farmer, Associate Vice-Chairman, to Le Club de l'Électricité de Montréal in Montreal, Quebec on 1 November 1984.

8. Annual Report of the NEB Pursuant to Access to Information Act and Privacy Act for the Period 1 July 1983 to 31 March 1984. This report was submitted on 7 November 1984 in accordance with the provisions of Sections 72 of the Access to Information and Privacy Acts.

9. "Canada/U.S. Natural Gas Trade: Implementing the New Policy", a speech by C. Geoffrey Edge, Chairman, to the Canada/U.S. Natural Gas Conference at Denver, Colorado on 27 November 1984.

10. "Canadian Views on Exports of Natural Gas to U.S. Markets", a speech by C. Geoffrey Edge, Chairman, to the Inside Oil and Gas Conference-Marketing Gas in 1985, at Houston, Texas on 29 November 1984.

Rulings Book

Summaries of the rulings handed down by the National Energy Board between 1960 and February 1984 have been prepared by the Board's Law Branch and assembled in three volumes which are available for consultation in the Library of the Board. The Rulings Book will be updated regularly. (A French edition of this book will be available by early 1985.)

Comprehensive Audit of the National Energy Board

During 1984, the Board was audited by the Auditor-General. The result will be a chapter on the NEB in the Auditor-General's report to Parliament, which will be published, in December 1984, by the Department of Supply and Services.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier: (613)992-0129).

The required number of copies of applications are listed in Appendix 1 of the Board's Regulatory Agenda Issue No. 8. Copies of the Appendix are available on request.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. (The Board's publications and mailing lists are discussed in Information Bulletin No. 5).

For those already on the Board's mailing lists, please provide notification of any change of address. Please also inform the Secretary if you obtain or change your telex or telecopy facilities or numbers.

NATIONAL ENERGY BOARD

A handwritten signature in dark ink, appearing to read "G. Yorke Slader". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

G. Yorke Slader
Secretary

For information, please contact:
Mrs. Ulana Perovic,
Information Services
(613) 993-6936.



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REGULATORY AGENDA



This document is also available in French.

Ce document est également publié en français.

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Preface

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1. Shell Canada Ltd. — Reasons for Decision dated December 1984, released 3 January 1985. The Board denied Shell's application seeking orders under Sections 11 and 12 of the NEB Act requiring Air Canada, Nordair Ltd., Québecair and Pacific Western Airlines Ltd. to pay certain monies invoiced by Shell in relation to sales of aviation turbine fuel to the airlines between February 1982 and April 1983 for use in international transportation.

2. Gulf Canada Ltd. — Reasons for Decision dated December 1984, released 2 January 1985. On 4 December 1984 the Board issued an order directing Trans Mountain Pipe Line Company Ltd. to receive, transport and deliver via its pipeline from Edmonton to Kamloops certain oil products offered for transmission by Gulf Canada Ltd. during 1985.

Trans Mountain was also directed to file by 12 December 1984 a revised tariff containing tolls for the transportation of these products.

On 10 December 1984, Trans Mountain applied to the Board for a review of and a change to Order MO-56-84 and for authority to construct certain modifications to its pipeline at the Kamloops pumping station. The Board dealt with the application at the commencement of the Trans Mountain toll hearing on 7 January 1985.

On 18 January 1985, the Board amended Order MO-56-84 in respect of the method of delivery of the products at Kamloops, and authorized the construction of the requested pipeline modifications.

(See also item 3 under "Hearing Decisions Pending".)

3. Maritime Electric Company Ltd. (MECL) — Reasons for Decision dated January, released 20 February 1985. The Board directed NB Power to offer to Maritime Electric and other economically accessible Canadian utilities the energy being exported under Licences EL-140, EL-143 and EL-145 at terms not less favourable, including price, than those of these exports.

The cross-application of NB Power dated 4 April 1984 was dismissed.

4. Hydro-Québec (Vermont) — Reasons for Decision dated January, released 15 February 1985. The Board recommended the issuance of two licences authorizing the export of firm and interruptible power and energy to the State of Vermont, together with a certificate allowing the construction of an international power line between the Bedford substation in the Province of Québec and a point located on the international boundary in the municipality of Saint-Armand-Ouest, over which the exports to Vermont will be made. The licences and certificate are subject to Governor-in-Council approval.

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have already been completed.

1. Manitoba Hydro — Application for a licence authorizing the export of electric power and energy

to Northern States Power Company, a utility which provides power to the north-central United States.

Hearing Order EH-6-84

The hearing was held in Winnipeg, Manitoba from 5 to 16 November 1984. The Board's decision is expected in March 1985.

2. Westcoast Transmission Company Ltd. — Method of Toll Regulation. Hearing to examine the method of regulating the company's tolls and to examine certain additional toll matters. This was the first major review of Westcoast's toll methodology since the hearing held in 1978.

Hearing Order RH-5-83

The hearing was held in Vancouver, British Columbia in late November and in Ottawa during the first part of December 1984. The Board's decision is expected in March 1985.

3. Trans Mountain Pipe Line Company Ltd. — Application for new tolls to be charged for the transmission of oil.

Hearing Order RH-4-84

The hearing was held in Ottawa from 7 to 23 January 1985. The Board's decision is expected to be released in April 1985.

4. Murphy Oil Company Ltd. — Application for a certificate to construct and operate a crude oil pipeline from Wrentham to Milk River, Alberta.

Hearing Order OH-1-84

The hearing was held in Calgary from 5 to 8 February 1985. The Board's decision is expected to be released following the filing of additional information requested by the Board on crude oil supply and production.

Hearings in Progress or Adjourned

1. Interprovincial Pipe Line Ltd. — Hearing on a request by the Township of Flamborough, Ontario to review the Board's decision to permit Interprovincial to locate propane terminal facilities in the Flamborough area. The Board decided to hold a hearing to receive the submissions of interested parties.

Hearing Order MH-1-83

The hearing commenced in Burlington, Ontario, on 16 August 1983, and on 19 August was adjourned until 28 September 1983. On 28 September the hearing resumed but once again was adjourned, this time to a date to be an-

nounced later. This second adjournment followed an action launched by the Township of Flamborough, which sought leave to appeal to the Federal Court of Appeal on the grounds of both the Board's jurisdiction over two aspects of the matter under review and an alleged apprehension of bias by a Member of the Board participating in the hearing. On 3 October 1983, the court granted leave to appeal and on 15 June 1984 dismissed the Appeal.

On 19 July 1984 the Board designated a new panel of three members to conduct a new review. Subsequently, the Township of Flamborough applied to the Supreme Court of Canada for leave to appeal the Federal Court of Appeal decision. On 13 August the Board heard motions for a continuation of the adjournment of the hearing pending a decision by the Supreme Court of Canada. On 17 December 1984 the Supreme Court denied Flamborough's application.

The Board has now decided to reconvene the proceedings in Burlington, Ontario on 23 April 1985.

2. Canada LNG Corporation — Application for a Certificate of Public Convenience and Necessity for facilities to manufacture liquefied natural gas for export to Japan.

Hearing Order GH-1-83

Originally this was an application by Dome Petroleum Limited. A hearing on that application began in the fall of 1983, and was adjourned until further information was filed.

In September 1984 the Board received a letter from Canada LNG Corporation requesting, among other things, that Dome's application be assigned to it. The Corporation also requested that the Board assign to it Dome's export licence, GL-76, which authorizes the export of LNG to Japan, and the application of 20 May 1983 by Westcoast Transmission Company Limited to construct the associated pipeline facilities. In November the Board conditionally approved the assignment of Licence GL-76, and on 6 December 1984 Governor in Council approval was granted (P.C. 1984-3890). The Board has also approved the assignment of the facilities applications of Dome and Westcoast to Canada LNG Corporation.

No date has yet been set for the continuation of the hearing which depends on re-

ceipt of further information in support of the application.

3. TransCanada PipeLines Ltd. — Method of Toll Regulation. Hearing to examine the method of regulating TransCanada's tolls for transportation of natural gas, the procedures and methods of cost allocation to export and domestic services, allocation of costs to zones, toll design for domestic and export services, and other related issues. This is the first major review of TransCanada's toll methodology since the first hearings in 1971.

Hearing Order RH-2-84

The hearing commenced in Hull on 30 October 1984 and was adjourned on 14 November 1984 to allow TransCanada and other parties to file additional evidence.

Following a Conference held on 12 February 1985, the Board announced that it was terminating the current proceedings for the time being, and would resume the methodology hearing when public policy issues affecting the marketing and pricing of natural gas had been clarified. A new hearing order will be issued at that time.

4. Northern Canada Power Commission — Inquiry to obtain the relevant views of interested parties on NCP's rate base, revenue requirements and design of electrical rates for each rate zone in the Territories.

Hearing Order EHR-1-84

Phase I of the inquiry was held in Whitehorse, Yukon Territory from 4 to 12 February 1985. The inquiry will continue in Yellowknife, N.W.T. on 4 March 1985.

5. Trans Mountain Pipe Line Company Ltd. — Application for an authorization to upgrade the Company's existing crude oil pipeline system and construct additional facilities to permit the shipment of refined petroleum products between Edmonton, Alberta and Kamloops, British Columbia.

Hearing Order OH-1-85

The hearing was scheduled originally for 19 February 1985 but has been adjourned indefinitely to allow the company to file additional information and engineering studies.

Hearings Scheduled

The following public hearings are scheduled to commence on the dates indicated:

1. Inquiry into Interprovincial Pipe Line Ltd. Accident — The Board is holding a public inquiry into

an accident which occurred on 19 February 1985 on the Interprovincial pipeline near Edmonton, Alberta. Five employees were injured when natural gas liquids leaking from the pipeline ignited.

Order No. MH-1-85

Inquiry to commence in Edmonton, Alberta on 26 March 1985.

2. Trans-Northern Pipelines Inc. — Application for new tolls for the transportation of oil products, based on a test year of 1 January to 31 December 1985.

Hearing Order RH-1-85

Hearing to commence in Ottawa on 15 April 1985.

3. TransCanada PipeLines Ltd. — Application for new tolls for the transportation of natural gas, effective 1 August 1985.

Hearing Order RH-2-85

Hearing to commence in Ottawa on 24 April 1985.

Hearing Applications Filed

The following applications have been filed with the Board, but dates have not yet been set for their hearing:

Applicant	Date of Application	Application
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 79	Certificate for Dempster Lateral (dormant)
2. TransCanada PipeLines Ltd.	17 May 84	Certificate for additional gas pipeline facilities for exports at Niagara Falls
3. Polar Gas Ltd.	29 June 84	Certificate for a natural gas pipeline from the Mackenzie Delta and Beaufort Sea
4. Foothills Pipe Lines (Yukon) Ltd.	13 February 85	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System (CAN-AM Pipeline Project)

Applications filed with the Board are available for examination in the Board's library.

On The Horizon

On the basis of advance information, it appears probable that the following major matters will be considered by the Board within the next twelve months, most by public hearing:

Company	Description
1. TransAlta Utilities Corporation	Export of power via B.C. Hydro's facilities
2. Canada LNG Corporation	Tolls on LNG export facilities and on natural gas pipeline to LNG plant
3. Manitoba Hydro (MANDAN)	Export of power and construction of international power line to the Dakotas and Nebraska
4. Manitoba Hydro (WAPA)	Exports of power to Western Area Power Administration
5. Westcoast Transmission Company Ltd.	Tolls
6. Mobil Oil Canada Ltd. and Sable Gas Systems Ltd.	Gas pipeline from Sable Island and export of natural gas to U.S.
7. Cochin Pipe Lines Ltd.	Tolls
8. Alberta Natural Gas Co. Ltd.	Tolls
9. Trans Québec & Maritimes Pipeline Inc.	Tolls
10. Interprovincial Pipe Line Limited	Oil pipeline expansion between Edmonton, Alberta and Superior, Wis.
11. Ontario Hydro	Electric Power Line (Cornwall Tie)
12. Interprovincial Pipe Line (NW) Limited	Tolls
13. Foothills Pipe Lines (Yukon) Ltd.	Tolls

Negotiated Natural Gas Export Prices

On 13 July 1984, the Minister of Energy, Mines and Resources announced a change in natural gas export pricing policy to permit buyers and sellers to negotiate export prices effective 1 November 1984. Under the policy, such negotiated prices are subject to review by the National Energy Board on the basis of criteria announced by the Minister.

Applications can be of two types: for short-term export orders or for amendments to existing licences.

The Board's practice is to request the comments of interested parties on any applications it receives and hold a hearing where warranted.

A. Short-Term Natural Gas Export Orders

The National Energy Board Part VI Regulations permit the Board to issue short-term orders for the export of natural gas.

The following table lists the status of applications received since the last Regulatory Agenda or pending at that time.

Application	Date	Disposition
Northridge Petroleum Marketing Inc.	12 December 1984	(Pending)
Amoco Canada	31 October 1984	Denied (Dec. 1984)
Amoco Canada	4 January 1985	Approved (GO-0-85) (Reasons for Decisions dated February 1985)
Czar Resources	February 1985	(Pending)

B. Natural Gas Licence Amendments

The following table lists the status of applications received since the last Regulatory Agenda or pending at that time.

Application	Date	Disposition
Consolidated Natural Gas Ltd.	22 November 1984	Approved conditionally (Reasons for Decision dated December 1984)
ProGas Ltd.	1 November 1984	Approved (Reasons for Decision dated December 1984)
Canadian Montana	8 November 1984	Approved in part (Reasons for Decision dated December 1984)
Dome Petroleum Ltd.	24 October 1984	(Pending)
ICG Transmission Holdings Ltd.	17 December 1984	Approved for exports under Licence GL-29, denied under Licence GL-28. (Two Reasons for Decision dated February 1985)
ProGas Ltd.	15 January 1985	Approved (Reasons for Decision dated February 1985)
TransCanada PipeLines Limited	21 January 1985	Approved for exports to Great Lakes for resale to Natural Gas Pipeline of America. Denied for exports to Great Lakes for resale to others. (Two Reasons for Decision dated February 1985)

Non-Hearing Matters

The Board has before it a number of applications that do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems; orders to amend export licences, orders, or certificates; orders to authorize toll adjustments; and licences and orders for the export of oil.

Appeals

1. Interprovincial Pipe Line Ltd. — Location of propane terminal facilities in Flamborough, Ontario. See item No.1 under "Hearings in Progress".
2. Trans Québec & Maritimes Pipeline Inc. (TQM) — TQM applied to the Federal Court of Appeal for leave to appeal:
 - (a) a decision rendered by the Board on TQM's tolls in May 1983 (Orders TG-2-83 and TG-3-83; Reasons for Decision dated June 1983); and
 - (b) a decision of the Board made on 29 August 1983 not to review its May 1983 decision.

This appeal was made under Section 18 of the NEB Act. TQM also applied under Section 28 of the Federal Court Act to set aside the Board's August 1983 decision.

On 14 August 1984, the Federal Court dismissed TQM's application for leave to appeal under Section 18 of the NEB Act. The Board has moved to quash the Section 28 application on the ground that the issues raised are similar to those dismissed by the Court on the Section 18 application. This motion has been adjourned at TQM's request and it is the Board's present understanding that TQM will abandon the section 28 application. If that is done, the Board's motion to quash will, of course, not proceed.

3. Trans Québec & Maritimes Pipeline Inc. (TQM) — TQM has filed the following applications in the Federal Court of Appeal:
 - (a) In May 1984 TQM applied under section 28 of the Federal Court Act to set aside the Board's decision dated March 1984 fixing new tolls effective 1 May 1984.
 - (b) In June 1984 TQM applied under Section 18 of the NEB Act for leave to appeal the Board's March 1984 decision fixing new tolls. This application has been adjourned indefinitely at the request of TQM.

It is the Board's present understanding that the litigation described in 3(a), and 3(b), will be abandoned.

4. The Canadian Petroleum Association (CPA) and the Independent Petroleum Association (IPAC) — In September 1984, CPA and IPAC applied pursuant to Section 18 of the National Energy Board Act for leave to appeal an August 1984 decision of the Board. That decision granted in part TQM's application pursuant to Section 17 of the National Energy Board Act for a review of the Board's March 1984 decision setting TQM's tolls. The application was dismissed by the Federal Court of Appeal on 6 December 1984.

CPA and IPAC also filed an application under Section 28 of the Federal Court Act to review and set aside Order TG-7-84. CPA and IPAC have indicated that this application will be discontinued.

Amendments to Rules of Practice and Procedure

The National Energy Board has issued new Rules of Practice and Procedure. The new Rules standardize and simplify basic procedural requirements and take into account the views of interested parties. The Rules are subject to review by the Department of Justice, but by letter dated 18 February 1985, parties have been requested to begin using them.

In addition, the Board has issued new and revised Parts of the Schedule to the Rules, which list the information required in applications for authorization of pipeline facilities as follows:

Part	New or Revised	Instrument Applied For	Section of Act	Type of Pipeline
I	Revised	Certificate	44	Gas
II	Revised	Certificate	44	Oil
VIII	New	Order	49	Gas
IX	New	Order	49	Oil
X	New	Certificate or Order	44 or 49	Gas or Oil

The final draft of the five parts approved by the Board was sent to pipeline companies under the Board's jurisdiction with a letter dated 17 October 1984. The parts must now be reviewed by the Department of Justice and published in the Canada Gazette before they become binding. Companies have been asked to use these schedules while this process is being completed.

Environmental Information Requirements for Gas Plants and Similar Facilities

On 11 October 1984, all companies under the Board's jurisdiction were sent draft guidelines outlining the environmental information required with applications for gas plants and similar facilities and were invited to comment by 30 November. The interim guidelines are intended to aid companies and consultants in the preparation of applications for projects such as Venture. Comments are now under consideration.

Deregulation of Propane and Ethylene

By letter dated 6 November 1984 the Board solicited the views of the producing and marketing sectors of the LPG industry and other interested parties as to whether propane should be decontrolled in the same manner as were butanes in October 1983. The survey was initiated following strong indications from the industry that it was time to review the necessity for continued controls on the export of propane.

In January, the Board decided that effective 1 April 1985, there should no longer be any volume restrictions on short-term authorizations of exports of propane by order. However, exporters would continue to require an authorization from the Board and would have to meet the minimum export price determined by the Board.

At the same time, the Board decided to remove all export controls from ethylene. (See "Amendments to Part VI Regulations".)

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations will replace the existing Oil Pipeline Regulations and Gas Pipeline Regulations. The two existing documents were combined to ensure a simplified and consistent approach to the regulation of onshore pipelines under federal jurisdiction.

A review of these two sets of regulations was initiated by letter dated 7 April 1983, inviting industry to submit comments. The comments were reviewed and a final draft of the combined Onshore Pipeline Regulations was issued in December 1984. These regulations provide for the safe design, construction and operation of onshore oil and gas pipelines.

Comments have been received from several companies, and a number of meetings were held in February to resolve any final concerns.

2. Offshore Pipeline Regulations

In January the Board issued for comment the first draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines, which come under the Board's jurisdiction by virtue of an amendment to the National Energy Board Act in effect since 23 July 1982.

Since mid-1983, the Board has been working closely with the Canadian Standards Association (CSA) to develop a new CSA Offshore Pipeline Standard. In December 1984, the CSA approved the preliminary standard, "CSA Z187, Offshore Pipeline Standard". This standard forms the technical basis for the Board's new Offshore Pipeline Regulations.

A deadline of 15 April 1985 has been set for comment by interested parties on these draft regulations.

3. Construction Cost and Toll Reporting Regulations

Information to be furnished by companies that construct and operate a pipeline.

Draft regulations to replace the Toll Information Regulations which came into effect on 9 April 1979, as well as the Board's Memorandum of Guidance of 21 October 1966, were issued for comment on 28 October 1983, to pipeline companies under the Board's jurisdiction and to other interested parties.

Comments received are currently under review. The Large Oil Pipeline Committee has requested that toll adjustment procedures for large oil pipeline companies be finalized before resolving toll reporting procedures. See also "Toll Adjustment Procedures".

4. Part VI Regulations

- (a) Amendments to Section 6 concerning the information required in an application for a licence to export electricity. Comments by interested parties have been received and are under review.
- (b) Amendments to sub-section 18(1)(c) to permit holders of electrical orders authorizing exports of 1 000 kilowatts or less to file export reports less frequently than monthly but at least annually. Currently this permission is limited to exports of 100 kilowatts or less. Subject to approval by the Governor in Council.
- (c) Amendment to Section 20 to remove export controls on the export of ethylene. Subject to approval by Governor in Council.

5. Gas Export Prices Regulations

Various amendments to establish the prices of gas exports by individual companies or to make administrative changes, as follows:

Company	Order-in Council
Canadian Montana Pipe Line Co.	P.C. 1984-4124 (21 Dec. 1984)
ProGas Ltd.	P.C. 1984-4109 (21 Dec. 1984)
Consolidated Natural Gas Ltd.	P.C. 1985-68 (17 Jan. 1985)
ProGas Ltd.	P.C. 1985-367 (7 Feb. 1985)
Amoco Canada	P.C. 1985-460 (14 Feb. 1985)
TransCanada PipeLines Ltd.	P.C. 1985-457 (14 Feb. 1985)
ICG Transmission Holdings Ltd.	P.C. 1985-456 (14 Feb. 1985)

6. EAA Natural Gas Prices Regulations

Various amendments to prescribe the prices at which companies purchase Alberta gas outside that province for consumption in the domestic or export market, as follows:

Company	Order-in Council
Pan Alberta Gas Ltd.	P.C. 1985-67 (17 Jan. 1985)
Foothills Pipe Lines (Yukon) Ltd.	(Pending)

7. Foothills Pipe Lines (Yukon) Ltd. — Special Charge Accounting Regulations (1552-F6)

On 12 June 1984 the Board distributed to interested parties for comments draft Special Charge Accounting Regulations, which concern the accounting for the special charge in the tariff for the prebuilt facilities of the Alaska Highway Natural Gas Pipeline. The deadline for receipt of comments was extended to 31 January 1985.

8. E.A.A. Part I Regulations

Amendment to revise the administrative arrangements for the sharing of the revenues from oil

export charges among the provinces. Subject to Governor in Council approval.

Extension of Sunset Clauses in Gas Licences

In early 1983, the Board issued a number of new gas export licences containing a "sunset" clause requiring the exporter to furnish proof that regulatory approvals in the United States had been obtained by 31 January 1984 for the import of gas. In January 1984 the Board extended this sunset provision by, in most cases, one year. A further extension of one year, in most cases, was granted in January 1985.

Tariff Matters

1. Alberta Natural Gas Company Ltd. (ANG)

The Board amended ANG's tariff order to increase the Company's rate of return on rate base effective 13 December 1984. The rate allowed on common equity was increased from 14.5 to 15.0 percent, resulting in a rate of return on rate base of 12.81 percent (AO-15-TG-1-80).

2. Trans Mountain Pipe Line Company Ltd.

The Board issued an order making the company's 1984 tolls interim, effective 1 January 1985, until the Board releases its decision on the Trans Mountain toll hearing (Order No. TOI-3-84 dated 18 December 1984).

3. Interprovincial Pipe Line Ltd. (IPL)

On 13 November 1984 the Board sent a letter to IPL informing the company that the Board intended to examine the question of an appropriate toll to be charged for the transportation of heavy crude oil through the IPL pipeline. Currently there is a 15 percent surcharge on heavy crude movements. At the request of the Board IPL provided, on 10 December 1984, a study of medium and heavy crude surcharges. After reviewing the study, the Board decided that the existing surcharges should continue and so advised IPL by letter dated 31 January 1985. The Board also directed IPL to file its study as an exhibit at the company's next public hearing.

Toll Adjustment Procedures

The Board has under review the toll adjustment procedures for the large oil pipelines namely, Cochin Pipe Lines Ltd., Interprovincial Pipe Line Ltd., Trans Mountain Pipe Line Company Ltd. and Trans-Northern Pipe Line Company. By letter dated 12 October 1984, the Board indicated that it is inclined to retain the existing class 1, 2 and 3 toll adjustment procedures first established in 1980 by Board Orders TO-3-80 and TO-4-80. By the same letter, the Board requested interested parties to com-

ment on the inability to forecast throughputs accurately and, within the present toll adjustment framework, the resulting consequences on Company earnings and tolls to shippers. Comments received are currently under review. The Board expects to finalize the procedures and issue them in the near future.

Small Pipelines

Proposed procedures which would simplify the regulation of small pipelines under the Board's jurisdiction were issued for comment in January. These new procedures would apply to thirty small oil and gas pipeline companies, whose pipelines are all under one thousand kilometres long. Companies constructing new pipelines may apply to be considered "small pipelines". The new approach resulted from a review which the Board conducted in the last few months to determine how it could tailor its regulatory requirements to a level appropriate to small pipelines.

The Board believes that its new approach to lighter regulation of small pipelines will meet the concerns of small pipeline companies while ensuring that the public interest is fully protected. The deadline for receipt of comments was 28 February 1985.

Standing Panels

As of 1 January 1985, the memberships of the five Standing Panels of the Board are as follows:

Panel	Members (In the order of Panel Chairman, and Members)	Alternate Members
Electrical	J. Farmer, J.R. Hardie, J.L. Trudel	R.F. Brooks
Financial Regulatory	A.D. Hunt, J.L. Trudel, W.G. Stewart	J. Farmer
Gas	L.M. Thur, R.B. Horner, A.B. Gilmour	A.D. Hunt
Oil	J.R. Hardie, J.R. Jenkins, R.B. Horner	W.G. Stewart
Pipeline	J.R. Jenkins, A.B. Gilmour, W.G. Stewart	R.F. Brooks

Appointment of Temporary Board Members

The National Energy Board has been requested by the Minister of Indian Affairs and Northern Development to inquire into the revenues of the Northern Canada Power Commission (NCPC) and provide advice on the rates which may be charged by this Crown Corporation for electricity sold in the Yukon and Northwest Territories for the twelve-month period starting 1 April 1985.

In December, three temporary Board Members were appointed and were named members of the Panel that will conduct the NCPC inquiry (see item

No.4 under Hearings in Progress). Mr. Edward S. Bell was Director of the Board's Electric Power Branch. Mr. Jack Heath of Inuvik is Chairman of the NWT Public Utilities Board and President of Community Business Services Ltd. Mr. Robert Laking of Dawson City is a businessman and accountant and is Vice-Chairman of the Yukon Electrical Public Utilities Board. He is President of Dawson City Chamber of Commerce.

The other members of the NCPC Panel are regular Board Members: Mr. J.R. Hardie, as Presiding Member, and Mr. W.G. Stewart.

Fort Nelson Gas Plant Accident

In January, the Board released its report into an accident at the Fort Nelson Gas Plant of Westcoast Transmission Company Limited. Following an investigation into the matter, the Board determined that several factors contributed to the severity of the accident. The Board, in its report, directed that Westcoast implement a number of recommendations.

Reports and Speeches Available

1. "Introduction to Case Study: Comprehensive Audit of British Gas Corporation", remarks by A. Digby Hunt, Associate Vice-Chairman, at the Fifth Annual Conference - Information for Decision-Making & Accountability: A Challenge for Auditors, sponsored by the Canadian Comprehensive Audit Foundation in Ottawa on 3 December 1984.
2. "Imports of Natural Gas and Electricity from Canada - A Canadian Viewpoint", a speech by C. Geoffrey Edge, Chairman, to the Federal Bar Association Annual Meeting in Washington, D.C. on 10 January 1985.
3. "Canadian Natural Gas Reserves and Pipelines", notes for an address by W.A. Hiles, Director Energy Supply Branch, to the New England Rate Forum in Lexington, Massachusetts on 10 January 1985.
4. "The Future of Canadian Gas Competition", a speech by A. Digby Hunt, Associate Vice-Chairman, to the Fifth Annual Natural Gas Conference sponsored by Executive Enterprises Inc. in Washington D.C. on 29 January 1985.
5. "Canadian Electricity and Natural Gas Exports", a speech by A. Digby Hunt, Associate Vice-Chairman, to the Conference on Electricity and Gas Contracts and Imports sponsored by The Management Exchange Inc. in Arlington, Virginia on 30 January 1985.
6. A presentation by C. Geoffrey Edge, Chairman, to the House of Commons Standing Committee on National Resources and Public Works in Ottawa on 5 February 1985.

7. "Canadian Energy Supply and Demand", a talk given by W.H. Correll, Acting Assistant Director, Electric Power Branch, at the Ontario Electrical League Conference held in Kitchener, Ontario on 7 February 1985.
8. "Regulation if Necessary, but Not More Regulation than is Necessary", a speech by C. Geoffrey Edge, Chairman, to the Eleventh Annual Rate Symposium sponsored by the Institute for Study of Regulation, in Arlington, Virginia on 11 February 1985.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier: (613)992-0129).

The required number of copies of applications are listed in Appendix 1 of the Board's Regulatory Agenda No. 8. Copies of that Appendix are available on request.


For information, please contact:
Ms. Ninon Bourque,
Information Services
(613) 995-7699.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. (The Board's publications and mailing lists are discussed in Information Bulletin No. 5).

For those already on the Board's mailing lists, please provide notification of any change of address. Please also inform the Secretary if you obtain or change your telex or telecopy facilities or numbers.

NATIONAL ENERGY BOARD


G. Yorke Slader
Secretary



REGULATORY AGENDA

This document is also available in French.

Ce document est également publié en français.

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Preface

The purpose of this quarterly Agenda is to provide advance notice of forthcoming regulatory actions and information on the status of ongoing proceedings.

The Board's regulatory responsibilities under the National Energy Board Act include the licensing of natural gas and electricity exports, the certification of international power lines and interprovincial and international pipelines, and the setting of tolls for such pipelines.

Except where otherwise noted, jurisdiction over the items listed in the Agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1970, c.N-6. An Office Consolidation of the Act, dated March 1983, is available from the Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, K1A 0S9 (Price \$2.75; other countries \$3.30).

Recent Hearing Reports and Decisions

Since the 1 March 1985 edition of the Agenda, the following reports have been published by the Board as a result of public hearings:

1. Manitoba Hydro - Reasons for Decision dated February 1985, released 18 March 1985. A 12-year licence was issued for the export of firm power and energy to Northern States Power Company of Minnesota. The licence was approved by the Governor in Council on 18 April 1985 (P.C. 1985-1234).
2. Murphy Oil Company Ltd. - Reasons for Decision dated March 1985, released 3 April 1985. The Board recommended the issuance of a certificate allowing the construction of a crude oil pipeline connecting to an existing line at Milk River, Alberta. The certificate, was approved by the Governor in Council on 9 May 1985 (P.C. 1985-1557).
3. Trans Mountain Pipe Line Company Ltd. - Reasons for Decision dated March 1985, released 22 April 1985. The report pertains to new tolls effective 1 May 1985, authorized by order TO-1-85. The report also includes the Reasons for Decision on the application for review of Board Order MO-56-84, and on the tolls for handling of propane at the Westridge facility.
4. Westcoast Transmission Company Ltd. - Reasons for Decision dated April 1985, released

21 May 1985. The report pertains to the method of regulating the company's tolls.

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have already been completed:

1. Northern Canada Power Commission (NCPC) - Inquiry to obtain the relevant views of interested parties on NCPC's rate base, revenue requirements and design of electrical rates for each rate zone in the Territories. (EHR-1-84)

The hearing was held in Whitehorse and Yellowknife from 4 February to 13 March 1985. The Board's report will be ready for submission to the Ministers of Energy, Mines and Resources, and Indian Affairs and Northern Development at the end of June.

2. Trans-Northern Pipelines Inc. - Application for new tolls for the transportation of oil products, based on a test year ending 31 December 1985. (RH-1-85)

The hearing was held in Ottawa from 15 to 17 April 1985. The Board's decision is expected in late June 1985.

3. Hydro-Québec - Hearing to consider the views of interested parties on the proposed detailed route of an international power line to be built by Hydro-Québec in the Eastern Townships area of Quebec for exports to the New England Power Pool. (MH-1-85)

The hearing was held in Sherbrooke, Quebec from 10 to 17 April 1985. The Board's decision is expected this summer.

4. Interprovincial Pipe Line Ltd. (IPL) - Application for a certificate authorizing the expansion of IPL's oil pipeline system in western Canada. (OH-2-85)

The hearing was held in Hull, Quebec on 13 and 14 May 1985.

Hearings in Progress or Adjourned

1. Canada LNG Corporation - Application for a Certificate of Public Convenience and Necessity for facilities to manufacture liquefied natural gas (LNG) for export to Japan. (GH-1-83)

A hearing on this application began on 17 October 1983 and was adjourned on 23 November 1983 pending the filing of further information in support of the application. As this information has not yet been received, no date has been set for the continuation of the hearing. For further details on the proceedings to date consult the Regulatory Agenda of 1 March 1985.

2. Trans Mountain Pipe Line Company Ltd. - Application to upgrade the company's crude oil pipeline system and construct additional facilities for the shipment of refined petroleum products between Edmonton, Alberta and Kamloops, British Columbia. (OH-1-85)

The hearing was scheduled originally for 19 February 1985 but has been adjourned to allow the company to file additional information, including engineering studies.

3. Interprovincial Pipe Line Ltd. (IPL) - Inquiry into an accident which occurred on the IPL pipeline system near Strome, Alberta in February 1985. (MH-2-85)

The inquiry commenced in Edmonton, Alberta on 26 March 1985. It was adjourned on 30 March and will resume to hear further evidence in the fall of 1985.

4. Interprovincial Pipe Line Ltd. (IPL) - Hearing on the procedures used by IPL to allocate pipeline space for the transportation of oil to domestic and export markets. (MH-3-85)

The hearing commenced in Ottawa on 27 May 1985.

5. Trans Québec & Maritimes Pipeline Inc. - Application dated 22 February 1985 for new tolls on natural gas pipeline system. (RH-4-85)

The Board is dealing with this application by means of written submissions from interested parties.

6. TransCanada PipeLines Ltd. - Application for new tolls for the transportation of natural gas, effective 1 August 1985. (RH-2-85)

The hearing commenced in Ottawa on 24 April 1985.

7. Interprovincial Pipe Line Ltd. - Hearing on a request by the Township of Flamborough, Ontario to review the Board's decision to permit Interprovincial to locate propane terminal facilities in the Flamborough area. The Board decided to hold a hearing to receive the submissions of interested parties. (MH-1-83)

The hearing was held in Burlington, Ont., from 23 April to 10 May 1985 and in Oakville, Ont. from 21 to 24 May 1985. The hearing will resume in June in Ottawa. For details of proceedings leading to this hearing refer to the Regulatory Agenda of 1 March 1985.

Hearings Scheduled

The following public hearings are scheduled to commence on the dates indicated:

Hydro-Québec - Hearing to consider the views of interested parties on the proposed detailed route of an international power line to be built by Hydro-Québec in the Eastern Townships area of Quebec for exports to the State of Vermont. (MH-4-85)

Hearing to commence in Saint-Jean, Quebec on 18 June 1985.

Hearing Applications Filed

The following applications, available for examination in the Board's library in Ottawa and its Calgary office, have been filed with the Board, but dates have not yet been set for their hearing:

Date of Applicant	Application	Application
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 79	Certificate for Dempster Lateral (dormant at the request of the applicant)
2. Polar Gas Ltd.	29 June 84	Certificate for a natural gas pipeline from the Mackenzie Delta and Beaufort Sea (application incomplete)
3. TransCanada PipeLines Ltd.	29 March 85	Certificate for additional gas pipeline facilities for exports at Niagara Falls
4. Foothills Pipe Lines (Yukon) Ltd.	13 February 85	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System (CAN-AM Project)

On The Horizon

On the basis of advance information, it appears probable that the following major matters will be considered by the Board within the next twelve months, most by public hearing:

Company	Description
1. Hydro-Québec	Export of power to Citizens Utilities, Vermont
2. TransAlta Utilities Corporation	Export of power via B.C. Hydro's facilities
3. Manitoba Hydro	Exports of power
4. Westcoast Transmission Company Ltd.	Tolls
5. Mobil Oil Canada Ltd. and Sable Gas Systems Ltd.	Gas pipeline from Sable Island and export of natural gas to U.S.
6. Hydro-Québec	Exports of power to New England (NEPOOL)
7. Alberta Natural Gas Co. Ltd.	Tolls
8. Foothills Pipe Lines (Yukon) Ltd.	Tolls
9. Omnibus Gas Export Hearing	By letter of 30 May 1985 the Board invited comments on gas licensing procedures, especially the determination of surplus, in anticipation of an omnibus gas export hearing

Negotiated Natural Gas Export Prices

As a result of policies announced in 1984 companies may negotiate natural gas export prices if they meet certain criteria. Applications can be of two types: for short-term export orders or for amendments to existing licences.

The following tables list the status of applications received since the last Regulatory Agenda or pending at that time.

A. Short-Term Natural Gas Export Orders

Application	Date	Disposition
Dome Petroleum/ Northwest Natural Gas Co., Cascade Natural Gas Co., St. Regis Corp.	28 August 1984	On hold at applicant's request
Dome Petroleum/ Oregon Natural Gas, Southwest Gas Corp., Intermountain Gas Co.	9 October 1984	On hold at applicant's request
Northridge Petroleum Marketing, Inc./Southeastern Michigan Co.	12 December 1984	Approved conditionally (GO-2-85) (Reasons for Decision dated March 1985)
Northridge Petroleum Marketing, Inc./ Bethlehem Steel Corp.	3 January 1985 (Revised 13 March 1985)	Approved conditionally (GO-4-85) (Reasons for Decision dated April 1985)
Czar Resources Ltd./ Mobil Oil Corp.	5 February 1985	(Pending)
Tricentral Oils Ltd./ Simplot Company	5 March 1985	(Pending)
Czar Resources Ltd./ Weyerhaeuser Co.	1 April 1985	(Pending)
Northridge/N-Ren Corp.	9 May 1985	On hold at applicant's request

B. Natural Gas Licence Amendments

Application	Date	Disposition
TransCanada PipeLines Ltd./ Boundary Gas	6 March 1985	Approved. Reasons for Decision dated April 1985. P.C. 1985-1123 dated 4 April 1985
TransCanada PipeLines Ltd./ Great Lakes for resale to ANR	8 March 1985	Approved. Reasons for Decision dated April 1985. P.C. 1985-1117 dated 4 April 1985
TransCanada PipeLines Ltd./ Great Lakes for resale to others	11 March 1985	Approved. Reasons for Decision dated May 1985. P.C. 1985-1561 dated 9 May 1985

Non-Hearing Matters

The Board has before it a number of applications that do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems; orders to amend export licences, orders, or certificates; and orders to authorize toll adjustments.

Reviews

Westcoast Transmission Company Limited (Westcoast) - In April 1985 Westcoast filed an application for a review of the Board's decision and order issued in January 1985 in the matter of an accident which occurred on 9 July 1984 at the Fort Nelson Gas Plant of Westcoast Transmission. This matter is now under consideration by the Board. (See also item 1 under Appeals).

Appeals

1. Westcoast Transmission Company Limited (Westcoast)

In February 1985 Westcoast launched the following actions in the Federal Court of Appeal:

- (a) an application under section 28 of the Federal Court Act for an Order of the Court setting aside the Board's decision issued in January 1985 in the matter of an accident which occurred on 9 July 1984 at the Fort Nelson Gas Plant of Westcoast Transmission.
- (b) an application under section 18(1) of the National Energy Board Act for leave to appeal the Board's decision and order in respect of the accident at the Fort Nelson Plant.

These actions have been launched following an investigation which the Board conducted into the accident. The application for leave to appeal will be stayed until the Board has dealt with Westcoast's application for review. The Court has directed that the section 28 application proceed.

2. The New Brunswick Electric Power Commission (NBEPIC)

In March 1985 NBEPIC applied to the Federal Court of Appeal for the following relief:

- (a) an application under subsection 18(1) of the National Energy Board Act for leave to appeal the Board's 20 February 1985 decision concerning Maritime Electric Company Limited (MECL) and NBEPIC.
- (b) an application pursuant to section 50 of the Federal Court Act for a stay of the Board's decision and order MO-9-84 in respect of the MECL/NBEPIC matter.

The decision and order of the Board, which are the subject of the applications, required NBEPIC to offer to MECL and other economically accessible Canadian utilities the energy being exported under Licences EL-140, EL-143 and EL-145 at terms not less favourable, including price, than those of the export.

The applications were argued before the Court on 17 and 18 April and Leave to Appeal was granted. The Court reserved its decision on the application for a stay of the Board's decision and order.

3. Trans Québec & Maritimes Pipeline Inc. (TQM)

It is the Board's understanding that all litigation relating to Board decisions and orders on TQM's tolls in 1983 and 1984 has been or will be discontinued.

Environmental Information Guidelines for Processing and Storage Facilities

On 11 October 1984, all companies under the Board's jurisdiction were sent draft guidelines outlining the environmental information required with applications for gas plants and other facilities such as oil storage tanks and LNG terminals and were invited to comment by 30 November. Comments are now under consideration. The Board expects to finalize these guidelines in the near future.

Deregulation of Short-term Oil Exports

On 29 April 1985 the Board issued a notice to oil exporters advising them of the changes that are being made to implement the deregulation of oil exports in keeping with the provisions of the "Western Accord". Volume and price controls have been removed on short-term exports of oil and petroleum products as a result of the accord which came into effect on 1 June 1985.

Upon application to the Board, oil exporters will be issued an order authorizing the export of heavy crude oils for periods not exceeding two years and of other oil for periods not exceeding one year. The oil export orders will specify neither price nor volume but will require that companies submit monthly reports to the Board of actual exports made.

Exports of oil for longer periods will still require a licence. (See item 4(d) under Amendments to Regulations).

Information Guidelines

The Board has issued guidelines dated 2 May 1985 on the information required in applications for the export of power by order without a public hearing. Revised guidelines were required following an amendment to the Part VI Regulations authorizing new higher limits on the amount of power and energy that may be exported under an order.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations will replace and combine the existing Oil Pipeline Regulations and Gas Pipeline Regulations. These regulations provide for the safe design, construction and operation of onshore oil and gas pipelines. A draft of the combined Onshore Pipeline Regulations was issued in December 1984. As a result of comments submitted by industry, the draft regulations were revised and were released for final comment on 8 May 1985. A deadline of 31 May 1985 has been set for comment on these new draft regulations.

2. Offshore Pipeline Regulations

On 20 December 1984 the Board issued for comment the first draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA preliminary standard, "CSA Z187, Offshore Pipeline Standard", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties were invited to submit comments on these regulations by 15 April 1985. Following a meeting with industry representatives on 18 April 1985, industry and Board staff task forces were set up to review and finalize these regulations.

3. Construction Cost and Toll Reporting Regulations

New draft regulations on the information to be furnished by companies that construct and operate a pipeline were issued to pipeline companies under the Board's jurisdiction and to other interested parties. Comments received are currently under review. The Board expects to finalize and approve the regulations in the near future.

4. Part VI Regulations

(a) Amendments to Section 6 concerning the information required in an application for a licence to export electricity. Comments by interested parties have been received and are under review.

(b) Amendments to sub-section 18(1)(c) to permit holders of electrical orders authorizing exports of 1 000 kilowatts or less to file export reports less frequently than monthly but at least annually. Approved by the Governor in Council on 14 March 1985 (P.C. 1985 - 786).

(c) Amendment to Section 20 to remove export controls on ethylene. Approved by Governor in Council on 16 May 1985 (P.C. 1985 - 1622).

(d) Amendment to sections 10 and 24 through 32 of the Regulations, with the exception of section 31, to effect the deregulation of short-term oil exports according to the provisions of the Western Accord. These sections cover the terms and conditions authorizing the export of oil and petroleum products. Approved by Governor in Council on 25 April 1985 (P.C. 1985-1401). See earlier item on Deregulation of Short-term Oil Exports.

5. Records Preservation Regulations

Amendment allowing pipeline companies to dispose of certain records such as vouchers and invoices after a six-year period. Approved by the Board on 28 March 1985. Subject to the approval of the Governor in Council.

6. Gas Export Prices Regulations

Various amendments to establish the prices of gas exports by individual companies or to make administrative changes, as follows:

Company	Order-in-Council
Northridge Petroleum Marketing Inc.	P.C. 1985-1115 (4 April 1985)
TransCanada PipeLines Ltd.	P.C. 1985-1116 to 1119 (4 April 1985)
Northridge Petroleum Marketing Inc.	P.C. 1985-1399 (25 April 1985)

7. EAA Natural Gas Prices Regulations

Various amendments to prescribe the prices at which companies purchase Alberta gas outside that province for consumption in the domestic or export market, as follows:

Company	Order-in-Council
Foothills Pipelines (Yukon) Ltd.	P.C. 1985-589 (28 Feb. 85)
Consolidated Natural Gas Ltd.	P.C. 1985-690 (7 Mar. 85)
Alberta Natural Gas Co.	P.C. 1985-884 (21 Mar. 85)
Foothills Pipelines (Yukon) Ltd.	(Pending)

8. Foothills Pipe Lines (Yukon) Ltd. - Special Charge Accounting Regulations (1552-F6)

On 12 June 1984 the Board distributed to interested parties for comment draft Special Charge Accounting Regulations, which concern the accounting for the special charge in the tariff for the prebuilt facilities of the Alaska Highway Natural Gas Pipeline. The deadline for receipt of comments was extended to 1 April 1985. Comments received are currently under review.

9. E.A.A. Part I Regulations

Amendment to revise the administrative arrangements for the sharing of the revenues from oil export charges among the provinces. Approved by Governor in Council on 15 February 1985 (P.C. 1985-455).

Tariff Matters

Foothills Pipe Lines (Yukon) Ltd.

The Board amended Foothills' tariff order to extend until 31 October 1992 the provision providing for a four percent per annum rate of depreciation, with a "basket clause" period from 1 November 1992 to 31 October 1996. (Order No. AO-7-TG-4-82, dated 28 February 1985)

Toll Adjustment Procedures

The Board had under review the toll adjustment procedures for the large oil pipelines namely, Cochin Pipe Lines Ltd., Interprovincial Pipe Line Ltd., Trans Mountain Pipe Line Company Ltd. and Trans-Northern Pipe Line Company. Following comments submitted by interested parties, the Board has decided to retain the existing Class 1, 2 and 3 procedures, with modifications to improve their effectiveness. The Board expects to finalize and issue the procedures in the near future.

Small Pipelines

Proposed procedures which would simplify the regulation of small pipelines under the Board's jurisdiction were issued for comment in January 1985. These new procedures would apply to thirty oil and gas pipeline companies who operate small pipelines. Companies constructing new pipelines may apply to be considered "small pipelines". The new approach resulted from a review which the Board conducted in the last few months to determine how it could tailor its regulatory requirements to an appropriate level.

The Board believes that its new approach to lighter regulation of small pipelines will meet the concerns of pipeline companies while ensuring that the public interest is fully protected. The deadline for receipt of comments was 28 February 1985. Comments received are under review. The Board expects to finalize the procedures in the near future and issue them at the same time as the new Onshore Pipeline Regulations.

Pipeline Audit Reports Prepared by Board Staff

The Board has decided to make its pipeline audit reports prepared by Board staff available to the public. A copy of each report will be forwarded to the audited pipeline company. In addition, a list of the audit reports completed since the last issue will be included in each regulatory agenda. Copies will be available for viewing in the Board's library and can be obtained on request.

The following recent pipeline audit reports prepared by staff are now available:

Company	Period
Trans Québec & Maritimes Pipeline Inc.	1 Sept 82 - 31 Dec 83
Manito Pipelines Ltd.	1 Jan 83 - 31 Dec 83
Alberta Natural Gas Company Ltd.	1 Jan 83 - 31 Dec 83
Trans-Northern Pipelines Inc.	1 Jan 83 - 31 Dec 83
TransCanada PipeLines Limited	1 Oct 83 - 31 Dec 83
Trans Mountain Pipe Line Company Ltd.	1 Jan 83 - 31 Dec 83

Board Membership Changes

Mr. William A. Scotland has resumed his regular duties as Associate Vice-Chairman of the Board in Ottawa, effective 1 April 1985. For the last seven years Mr. Scotland has occupied the position of Designated Officer and Deputy to the Administrator of the Northern Pipeline Agency in Calgary.

Mr. Jacques Farmer who has been Acting Associate Vice-Chairman of the Board in the absence of Mr. Scotland, reverts to Member, effective 1 April 1985.

Mr. A. Boyd Gilmour, who was a Temporary Substitute Member of the Board under a special provision of the Northern Pipeline Act, has been appointed Temporary Member under the NEB Act for a twelve-month period, effective 1 April 1985.

Standing Panels

The Board's 1984 Annual Report includes at page 11 a description of the powers and duties of the various standing panels of the Board and lists the membership of each. On 2 May 1985 the memberships were changed to the following:

Panel	Members (In the order of Panel Chairman, and Members)	Alternate Members
Oil	R.F. Brooks, W.A. Scotland R.B. Horner	W.G. Stewart
Gas	L.M. Thur, R.B. Horner A.B. Gilmour	A.D. Hunt
Electrical	J. Farmer, J.R. Hardie J.L. Trudel	R.F. Brooks
Pipeline	J.R. Jenkins, A.B. Gilmour W.G. Stewart	J.R. Hardie
Financial Regulatory	A.D. Hunt, J.L. Trudel W.G. Stewart	J. Farmer

The Chairman of the Board is an ex-officio member of all panels

Reports and Speeches Available

1. "A Canadian Perspective on North American Energy Trade", notes for a speech by Livia M. Thur, Associate Vice-Chairman, to the North American Energy Markets Conference in Toronto, Ontario on 4 March 1985.
2. "The Future of Canadian Natural Gas and Gas Liquid Imports Into the United States", notes for a speech by C. Geoffrey Edge, Chairman, to the

64th Annual Convention of the Gas Processors Association in Houston, Texas on 19 March 1985.

3. "Observations on Canadian Exports of Natural Gas to U.S. Markets", a speech by C. Geoffrey Edge, Chairman, to the Houston Producers Forum in Houston, Texas on 19 March 1985.
4. The Board's 1984 Annual Report was tabled in the House of Commons on 3 April 1985. The Report summarizes the Board's functions, responsibilities and activities during calendar year 1984. The appendices provide statistical data on energy exports and imports.
5. A Submission by C. Geoffrey Edge, Chairman to the Standing Senate Committee of Energy and Natural Resources in Ottawa on 7 March 1985.
6. "Observations on the Renegotiated Contracts for the Export of Canadian Natural Gas", a speech by C. Geoffrey Edge, Chairman, to the Natural Resources Section of the Canadian Bar Association in Calgary, Alberta on 11 April 1985.
7. "Canadian Natural Gas Policy", a speech by R. Byron Horner, Member, to the Second Annual Institutional Oil Service Conference sponsored by Wood, MacKenzie & Co. Inc. in New Orleans, Louisiana on 11 April 1985.
8. "Major Canadian Energy Projects - Problems and Opportunities", a speech by C. Geoffrey Edge, Chairman, to the Project Management Institute Northwest Regional Symposium in Calgary, Alberta on 12 April 1985.
9. "Canadian Electric Utilities - Analysis of Generation and Trends, 1983", released in May 1985. This publication provides data on electric utility generation, fuel consumption, and fuel costs in 1983.
10. "A Progress Report on the Exports of Natural Gas to the United States", a speech by C. Geoffrey Edge, Chairman, to the Energy Bureau in Arlington, Virginia on 6 May 1985.
11. "Rules of Procedure", a speech by C. Geoffrey Edge, Chairman, to the First Annual Conference of Canadian Administrative Tribunals at Queen's University, Kingston on 8 May 1985.
12. "New Directions for Canadian-U.S. Energy Relations", a speech by C. Geoffrey Edge, Chairman, to the New England Conference of Public Utilities Commissioners in Newport, Rhode Island on 13 May 1985.

Information Bulletins

Since September 1983, the Board has published a series of eight Information Bulletins describing its ac-

tivities and procedures. The following Information Bulletin No. 8 is the latest in this series and was issued in May 1985:

"Electrical Power: A Compendium of Terms". This information bulletin provides explanations of terms commonly encountered in the regulation of the electrical utility industry.

New Telephone System

The Board has converted its telephone system to the Enhanced Exchange Wide Dialing system which will be used throughout the government in Ottawa and other major cities. As a result, the phone numbers of all Board Members and staff have been changed. A new listing of key phone numbers is being provided with this issue of the Regulatory Agenda.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier; (613) 990-7900).

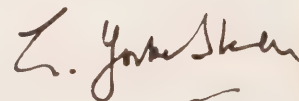
The required number of copies of applications are listed in Appendix 1 to the Board's Regulatory Agenda No. 8. Copies of that Appendix are available on request.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. (The Board's publications and mailing lists are discussed in Information Bulletin No. 5).

For those already on the Board's mailing lists, please provide notification of any change of address. Please also inform the Secretary of any change in your telex or telecopy facilities or numbers.

NATIONAL ENERGY BOARD



G. Yorke Slader
Secretary

For information, please contact:
Ms. Gaétane Courchesne,
Information Services,
(613) 990-3448

NATIONAL ENERGY BOARD

Selected List of Telephone Numbers

BOARD MEMBERS

Chairman	C.G. Edge	990-3454
Vice-Chairman	R.F. Brooks	990-3462
Assoc Vice-Chairman	Dr. L.M. Thur	993-6124
Assoc Vice-Chairman	W.A. Scotland	990-3264
Assoc Vice-Chairman	A.D. Hunt	990-3466
Member	J. Farmer	990-3469
Member	J.R. Jenkins	990-3460
Member	J.R. Hardie	990-3465
Member	J.L. Trudel	990-3456
Member	R.B. Horner	990-3459
Member	W.G. Stewart	990-3470
Temporary Member	A.B. Gilmour	990-3312
Secretary of the Board	G. Yorke Slader	990-3167

EXECUTIVE DIRECTOR

Executive Director	R. St. G. Stephens	998-7190
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DIRECTORS GENERAL

Director General, Pipeline Regulation	K.W. Vollman	998-7929
A/Director General, Energy Studies	P. Miles	998-9378 998-9635

OFFICE OF THE SECRETARY

Secretary of the Board	G. Yorke Slader	990-3167
Deputy Secretary	J.S. Klenavic	998-7193
Asst. Secretary-Communications	Ms. N. Bourque	990-3447

1 June 1985

Chief, Information Services Division	Mrs. A. Sicotte	990-3166
Information Services		993-6936
Information Officer	Ms. M. Deschênes	990-3449
Information Officer	M.E. McAllister	998-5505
Access to Information- Asst. Coordinator	Mrs. U. Perovic	990-1850

SUPPORT SERVICES

Director	J.S. Klenavic	998-7193
Asst. Director, Regulatory Support	G.A. Laing	998-7195
Chief, Hearings	Mrs. B. Jolicoeur	998-7197
Chief, Standing Panels	Mrs. B. Lance	998-7198
Board Distribution Centre (Room 1032)		998-7204
Manager, Library	Ms. N.R. Park	990-6221
Librarian, Reference Services	Mrs. J. Kralik	990-3452
Librarian, Technical Services	P. Duchesne	990-3452
Asst. Director, Administrative Support Services	T.W. Miles	990-9357

LAW BRANCH

General Counsel	F.H. Lamar	990-6223
Asst. General Counsel	Ms. S.K. Fraser	990-6224
Counsel	Ms. L. Meagher	990-6232
Counsel	Ms. D. Tremblay	990-6228
Counsel	J. Morel	990-6229

Counsel	D. Assh	990-6227
Counsel	L. Keough	990-6231
Counsel	Ms. H. Soudek	990-6226
Counsel	R. Graw	998-7170

ECONOMICS BRANCH

A/Director	R. Jackson Jr.	998-7213
Asst. Director, Forecasting and Energy Market Analysis	Ms. R. Ruddick	998-7936
Asst. Director, Regulatory Economics and Energy Statistics	J. Oh	998-2323

ELECTRIC POWER BRANCH

A/Director	A.N. Karas	990-0329
Asst. Director, Operations	T. Olszewski	990-0334
A/Asst. Director, Planning	W.H. Correll	990-0335

ENERGY SUPPLY BRANCH

Director	W.S. Hiles	998-7952
Asst. Director, Geology and Reserves	E. Kutney	998-7955
Asst. Director, Oil & Alternative Energy Supply	G.C. Hos	998-7921

ENVIRONMENT AND RIGHT OF
WAY BRANCH

A/Director	P.A. Carr	998-7179
Asst. Director, Environment	J.A. Hodges	998-7181
Chief, Right-of-Way Division	G.E. Marquardt	998-7154

FINANCE BRANCH

A/Director	W.A. Ganim	990-6523
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FINANCIAL REGULATORY BRANCH

Director	H. Pau	990-3188
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Asst. Director	G.S. Johnson	990-3191
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Asst. Director	C.M. Yeates	990-3190
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GAS BRANCH

Director	S.R. Ironstone	990-1597
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Asst. Director, Gas Industry & Market Analysis	A.L. Browne	990-6845
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Asst. Director, Gas Regulations & Licences	R.S. Green	990-6844
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INFORMATION TECHNOLOGY BRANCH

Director	D. Emmens	998-7974
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Asst. Director, Operations	K.S. Song	998-7976
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Asst. Director, Professional Services	K.E. Begley	998-7977
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OIL BRANCH

Director	P.G. Scotchmer	990-6235
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Asst. Director, Evaluation	B.P. Leahey	990-6240
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A/Asst. Director, Operations	B.A. Wells	990-6238
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PERSONNEL BRANCH

Director	J. Thompson	993-4823 998-7989
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PIPELINES ENGINEERING
OPERATIONS BRANCH

A/Director	E.L.M. Gordon	998-7160
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A/Asst. Director, Engineering	R.M. White	998-7131
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A/Asst. Director, Construction and Operations	D. Foulger	998-7123
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REGULATORY AGENDA

This document is also available in French.

Ce document est également publié en français.

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Preface

The purpose of this quarterly Agenda is to provide advance notice of forthcoming regulatory actions and information on the status of ongoing proceedings.

The Board's regulatory responsibilities under the National Energy Board Act include the licensing of oil, natural gas and electricity exports, the certification of international power lines and interprovincial and international pipelines, and the setting of tolls for such pipelines.

Except where otherwise noted, jurisdiction over the items listed in the Agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1970, c.N-6. An Office Consolidation of the Act, dated March 1983, is available from the Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, K1A 0S9 (Price \$2.75; other countries \$3.30).

Hearing Matters

Recent Hearing Reports and Decisions

Since the 1 June 1985 edition of the Agenda, the following reports have been published by the Board as a result of public hearings:

1. Trans-Northern Pipelines Inc. - Reasons for Decision dated May 1985, released 26 June 1985. The report pertains to new tolls effective 1 July 1985, authorized by Order TO-3-85.
2. Hydro-Québec - Reasons for Decision dated June 1985, released 12 July 1985. The Board issued Order IPL-Q2-7-85, approving major sections of the detailed route of Hydro-Québec's international power line in the Eastern Townships for export to the New England Power Pool (NEPOOL).
3. Hydro-Québec - Reasons for Decision dated July 1985, released 12 July 1985. The Board issued Order IPL-Q2-8-85 approving the detailed route of Hydro-Québec's international power line for export to the State of Vermont. (See also item 3 under Appeals.)
4. Interprovincial Pipe Line Ltd. (IPL) - Reasons for Decision dated July 1985, released 26 July 1985. The Board directed IPL to change the allocation procedures it uses when the volumes of oil tendered exceed pipeline capacity. The Company is expected to incorporate the new procedures in a revised tariff to become effective 1 September 1985.

5. Interprovincial Pipe Line Ltd. (IPL) - Reasons for Decision dated June 1985, released 1 August 1985. The Board issued order XO-1-85 authorizing the expansion of IPL's pipeline system in Western Canada.
6. Northern Canada Power Commission (NCPCC) - Reasons for Decision dated June 1985, released 22 August 1985. The Board's report deals with NCPCC's rate base, revenue requirements and design of rates for each rate zone in the Territories.

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have already been completed:

1. Trans Québec & Maritimes Pipeline Inc. (TQM) - Application dated 22 February 1985 for new tolls on natural gas pipeline system. On 20 August 1985, the Board issued Order TG-1-85 authorizing new tolls effective 1 September 1985. (RH-4-85)

The Board dealt with this application by means of written submissions from interested parties. The Reasons for Decision will be issued shortly.

2. TransCanada PipeLines Ltd. - Application for new tolls for the transportation of natural gas, effective 1 August 1985. On 13 June 1985, the Board issued Order TGI-4-85, establishing interim tolls effective 1 August 1985 and until such time as the Board's final order is issued. (RH-2-85)

The hearing was held in Ottawa from 24 April to 12 June 1985, with rebuttal argument heard from 16 to 18 July 1985.

Hearings in Progress or Adjourned

1. Canada LNG Corporation - Application for a Certificate of Public Convenience and Necessity for facilities to manufacture liquefied natural gas (LNG) for export to Japan. (GH-1-83)

A hearing on this application (originally filed by Dome Petroleum Limited) began on 17 October 1983 and was adjourned on 23 November 1983 pending the filing of further information in support of the application. As this information has not yet been received, no date has been set for the continuation of the hearing.

2. Interprovincial Pipe Line Ltd. (IPL) - Inquiry into an accident which occurred on the IPL pipeline system near Strome, Alberta in February 1985. (MH-2-85)

The inquiry commenced in Edmonton, Alberta on 26 March 1985. It was adjourned on 30 March and will resume to hear further evidence on 22 October 1985.

3. Interprovincial Pipe Line Ltd. (IPL) - Hearing on a request by the Township of Flamorough, Ontario to review the Board's decision to permit IPL to locate propane terminal facilities in the Flamorough area. The Board decided to hold a hearing to receive the submissions of interested parties. (MH-1-83)

The hearing was held for a total of 28 days during April to July in Burlington, Oakville and Ottawa. It continued in Ottawa on 26 August 1985 for a further 4 days and ended on 29 August.

Hearings Scheduled

The following public hearings are scheduled to commence on the dates indicated:

1. Extensions to 1983 Gas Export Licences. At a hearing starting on 18 September 1985, the Board will consider applications for extensions of the gas export licences issued in 1983 as a result of the last Omnibus Gas hearing. The extensions sought are to compensate for the delay in the start of the flow of gas. There would be no increase in the total quantity authorized for export under the licences. As of late August, applications have been received from TransCanada, KannGaz, Pan Alberta and ProGas. (GH-1-85)
2. Omnibus Gas Export Hearing. Following favourable comments from industry on its letter of 30 May 1985, the Board has decided to hold a phased proceeding on natural gas exports. (GH-2-85)

Phase I will review the procedures the Board uses to determine the surplus of natural gas available for export. Phase II will determine the amount of surplus gas available for export, using the procedures established in Phase I. Later phases will deal with the allocation of any surplus among potential exporters and will consider applications to construct any pipeline facilities needed to transport new exports.

Phase I of the hearing will commence on 18 November 1985 in Calgary, Alberta and will continue in Ottawa on 2 December 1985. It is anticipated that Phase II of the hearing will be held in the spring of 1986.

3. Hydro-Québec - Application for two licences to export firm and interruptible power and energy to Citizens Utilities in Vermont (EH-1-85)

The hearing will commence on 24 September 1985 in Montreal, Quebec.

4. Alberta and Southern Gas Co. Ltd. (A&S) - Application dated 15 August 1985 to consolidate its exist-

ing export licences, GL-3, 16, 24, 35, 67, 68 and 69 into one licence, without changing the maximum authorized quantities. (GH-3-85)

The hearing will begin in Calgary, Alberta on 30 September 1985.

5. Cochin Pipe Lines Ltd./Dome Petroleum Limited (Cochin/Dome) - This hearing will be held to address the subject of the availability of propane terminal and storage facilities in Windsor, Ontario. This matter was raised as a concern by users of the pipeline operated by Cochin Pipe Lines Ltd. The Board will also examine the issue of the present and future need for storage facilities in Windsor and access to the existing facilities operated by Dome Petroleum Ltd. (MH-5-85)

The hearing will begin on 29 October 1985 in Calgary, Alberta.

6. Review of Gas Export Licence Conditions - Licence holders are required to submit each year by 15 September a review of performance under the licence and a demonstration that the export price will continue to meet the seven criteria of the government's pricing policy. The Board has set aside the week of 15 October 1985 in the event that public hearings are deemed necessary.

Hearing Applications Filed

The following applications, available for examination in the Board's library in Ottawa and its Calgary office, have been filed with the Board, but dates have not yet been set for their hearing:

Applicant	Date of Application	Application
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 79	Certificate for Dempster Lateral (dormant at the request of the applicant)
2. Polar Gas Ltd	29 June 84	Certificate for a natural gas pipeline from the Mackenzie Delta and Beaufort Sea (application incomplete)
3. TransCanada PipeLines Ltd	29 March 85 Rev: 14 June 85	Certificate for additional gas pipeline facilities for exports at Niagara Falls (TransNiagara Project)
4. Foothills Pipe Lines (Yukon) Ltd	13 February 85	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System (CAN-AM Project)
5. Mobil Oil Canada Ltd Petro-Canada Inc. Texaco Canada Resources Ltd Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to U.S. (Venture Project)

On The Horizon

On the basis of advance information, it appears probable that the following major matters will be considered by the Board within the next twelve months, most by public hearing:

Company	Description
1. Shell Canada Resources Limited	Conversion of one line of Portland-Montreal oil pipeline to transport natural gas
2. Interprovincial Pipe Line Ltd.	Expansion of Line 1 between Regina, Saskatchewan, and Gretna Manitoba
3. Westcoast Transmission Company Ltd	Tolls
4. Hydro-Québec	Exports of power to New England (NEPOOL II)
5. TransAlta Utilities Corporation	Export of power via B.C. Hydro's facilities
6. Manitoba Hydro	Exports of power
7. Alberta Natural Gas Co. Ltd	Tolls
8. Foothills Pipe Lines (Yukon) Ltd	Tolls
9. Interprovincial Pipe Line Ltd.	Tolls

Negotiated Natural Gas Export Prices

As a result of policies announced in 1984, companies may negotiate natural gas export prices if they meet certain criteria. Applications can be of two types: for short-term export orders or for amendments to existing licences. The Board may hold a public hearing on any application, if warranted.

The following tables list the status of applications received since the last Regulatory Agenda or pending at that time.

A. Short-Term Natural Gas Export Orders

Application	Date	Disposition
Dome Petroleum/ Northwest Natural Gas Co., Cascade Natural Gas Co., St. Regis Corp	28 August 1984	On hold at applicant's request
Dome Petroleum/ Oregon Natural Gas Southwest Gas Corp Intermountain Gas Co	9 October 1984	On hold at applicant's request
Czar Resources Ltd / Mobil Oil Corp	5 February 1985	On hold at applicant's request
Tricentral Oils Ltd / Simplot Co	5 March 1985	Denied (August 1985)
Czar Resources Ltd Weyerhaeuser Co	1 April 1985	Denied (June 1985)
Czar OPEX Pacific Inc	4 April 1985	Approved Pricing Regulation approved P.C. 1985-1623 dated 16 May 1985

Application	Date	Disposition
Northridge Southeastern Michigan Gas Co.	31 May 1985	Approved Pricing Regulation approved P.C. 1985-2326 dated 24 July 1985
Northridge/N-Ren Corp	1 June 1985	On hold at applicant's request
Czar/CPEX Pacific, Inc.	3 June 1985	Approved Pricing Regulations approved P.C. 1985-2549 dated 13 August 1985
Czar Resources Ltd./Weyerhaeuser Co	24 June 1985	(Pending)
Northridge/MidCon Enterprises	11 July 1985	(Pending)
Northridge/Bethlehem Steel	23 July 1985	(Pending)

B. Natural Gas Licence Amendments

Application	Date	Disposition
TransCanada PipeLines Ltd./Great Lakes for resale to Michigan Consolidated Gas Co	13 June 1985	Approved P.C. 1985-2548 dated 13 August 1985 Pricing Regulation Approved P.C. 1985-2550 dated 13 August 1985

Non-Hearing Matters

The Board has before it a number of applications that do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems; orders to amend export licences, orders, or certificates; and orders to authorize toll adjustments.

Reviews

1. Foothills Pipe Lines (Yukon) Ltd. - (Foothills) - In March 1985, Foothills filed an application for a review of order AO-10-TG-6-81, regarding the treatment of \$640,000 of staff-associated costs relative to optimization studies. By letter dated 14 June 1985, the Board denied the application for review.
2. Westcoast Transmission Company Limited (Westcoast) - In April 1985, Westcoast filed an application for a review of the Board's decision issued in January 1985 in the matter of an accident which occurred on 9 July 1984 at the Fort Nelson Gas Plant of Westcoast. On 11 July 1985, the Board rescinded the report and on 2 August 1985, notified Westcoast that it intended to take no further action. (See also item 1 under Appeals).

3. Foothills Pipe Lines (Yukon) Ltd. (Foothills) - In May 1985, Foothills filed an application for a review of order TG-4-82, as amended, concerning the rate base treatment of the allowance for funds used during construction (AFUDC) on certain Phase II¹ expenditures incurred between 1 January 1982 and 31 August 1982. The Board granted the review and agreed to the change requested.
4. Westcoast Transmission Company Limited (Westcoast) - Westcoast applied on 5 July 1985 for a review of the Board's decision, conveyed by letter dated 24 June 1985, requiring Westcoast to upgrade its 762 mm mainline crossing of the Coquihalla River near Hope, B.C. The Board granted the review but maintained its previous decision.
5. Trans Mountain Pipeline Company Ltd. (Trans Mountain) - In an application dated 28 August 1985, Trans Mountain has requested a review of part of the Board's toll decision of March 1985. The application for review related to jurisdiction over the Westridge propane facility. The application is before the Board.

Appeals

1. Westcoast Transmission Company Limited (Westcoast)

In February 1985 Westcoast launched the following actions in the Federal Court of Appeal:

1. an application under section 28 of the Federal Court Act for an Order of the Court setting aside the Board's decision issued in January 1985 in the matter of an accident which occurred on 9 July 1984 at the Fort Nelson Gas Plant of Westcoast Transmission.
2. an application under section 18(1) of the National Energy Board Act for leave to appeal the Board's decision and order in respect of the accident at the Fort Nelson Plant.

These actions were launched following an investigation which the Board conducted into the accident. By letter dated 29 July 1985, Westcoast informed the Board that the company was discontinuing these actions. (See also item 2 under Reviews.)

2. The New Brunswick Electric Power Commission (NBEPCC)

In March 1985 NBEPCC filed with the Federal Court of Appeal:

1 Phase II of the Foothills pipeline is the portion of the Alaska Highway Natural Gas Pipeline yet to be constructed

1. an application under subsection 18(1) of the National Energy Board Act for leave to appeal the Board's 20 February 1985 decision concerning Maritime Electric Company Limited (MECL) and NBEPC.
2. an application pursuant to section 50 of the Federal Court Act for a stay of the Board's decision and order MO-9-84 in respect of the MECL/NBEPC matter.

The decision and order of the Board, which were the subject of the applications, required NBEPC to offer to MECL and other economically accessible Canadian utilities the energy being exported under Licences EL-140, EL-143 and EL-145 at terms not less favourable, including price, than those of the export.

The applications were argued before the Court on 17 and 18 April and Leave to Appeal was granted. The Court, in a decision dated 3 June 1985, denied the application for a stay of the Board's decision and order. The appeal was argued before the Federal Court of Appeal on 23, 24 and 25 July 1985. In its decision of 6 August 1985, the Court dismissed NBEPC's appeal.

3. Mr. D. Paradis and Mme O. Bullock

In July 1985, Mr. D. Paradis and Mme O. Bullock applied to the Federal Court of Appeal under section 18 of the National Energy Board Act for leave to appeal two decisions of the Board. The decisions in question were rendered by the Board on 19 June 1985 in the course of a hearing pursuant to section 29.2 of the NEB Act on the proposed detailed route of Hydro-Québec's international power line to the state of Vermont authorized by Certificate of Public Convenience and Necessity No. EC-III-22.

The appellants sought leave to appeal:

1. the decision of the Board not to revoke Hydro-Québec's certificate for breach of a term and condition of the certificate; and
2. the decision of the Board on certain preliminary motions of the appellants respecting the jurisdiction of the Board to conduct the section 29.2 hearing.

The Board was advised by letter dated 26 July 1985 that the applications for leave to appeal have been withdrawn.

Deregulation of Short-Term Oil Exports

Following the deregulation of short-term oil exports on 1 June 1985, the Board has issued open orders to

some 70 companies who applied to be registered exporters. These orders, which do not limit either the prices or the volumes, authorize the export of heavy crude oils for periods not exceeding two years and of other oils for periods not exceeding one year. Imports of oil require no authorization.

Monthly tariffs of charges on petroleum exports are no longer being set.

Submission to Federal Energy Regulatory Commission (FERC)

In June, the Board received from FERC a Notice of Proposed Rulemaking, which proposed comprehensive changes in FERC's regulations governing the transportation of natural gas by interstate pipelines. In its submission dated 11 July 1985, the Board expressed concern over a number of the FERC's proposals which the Board felt might discriminate against Canadian gas.

Certificate Amendments

1. Wascana Pipe Line Ltd. (Wascana) - By letter dated 10 May 1985, Wascana applied for the conveyance of its pipeline assets to its three shareholders, as tenants in common. The application was approved by the Board on 6 June 1985, then by Governor in Council on 27 June 1985 by Order in Council P.C. 1985-2057.
2. Westspur Pipe Line Company (Westspur) - On 25 April 1985, Westspur submitted a letter to the Board requesting approval of the assignment and transfer of its certificate, OC-4 to a new company, Westspur Pipe Line (1985) Inc. The application was approved by the Board on 9 May 1985, then by Governor in Council on 6 June 1985 by Order in Council P.C. 1985-1821.

Propane/Butanes Export Control Program

On 4 June 1985, the Board decided that it would no longer set the minimum export price for propane and butanes. This follows the Board's decision to remove the volume restrictions on the export of propane and butanes effective April 1985 and October 1983, respectively. Companies wishing to export LPG's must continue to obtain a licence from the Board; however, the licence will not be volume- or price-restrictive.

Environmental Information Guidelines for Processing and Storage Facilities

On 11 October 1984, all companies under the Board's jurisdiction were sent draft guidelines outlining the environmental information required with applications for gas plants and other facilities such as oil storage

tanks and LNG terminals. The companies were invited to comment by 30 November. Comments have been received and are now under consideration. The Board expects to finalize these guidelines in the near future.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations will replace and combine the existing Oil Pipeline Regulations and Gas Pipeline Regulations. These regulations provide for the safe design, construction and operation of onshore oil and gas pipelines. A second draft, which was issued in May 1985, requested that comments be submitted by 31 May 1985. The comments received are currently under review.

2. Offshore Pipeline Regulations

On 20 December 1984 the Board issued for comment the first draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA preliminary standard, "CSA Z187, Offshore Pipeline Standard", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties were invited to submit comments on these regulations by 15 April 1985. Following a meeting with industry representatives on 18 April 1985, industry and Board staff task forces were set up to review these regulations.

3. Construction Cost and Financial Information Regulations

New draft regulations on the information to be furnished by companies that construct and operate a pipeline were issued for comment to pipeline companies under the Board's jurisdiction and to other interested parties in August 1985. Comments have been requested by 15 October 1985.

4. Pipeline Companies Records Preservation Regulations

Amendments allowing pipeline companies to dispose of certain records such as vouchers and invoices after a six-year period. Subject to the approval of the Governor in Council.

5. Gas Export Prices Regulations

Various amendments to establish the prices of gas exports by individual companies or to make administrative changes. They are not listed here

because they correspond with the items listed under Negotiated Natural Gas Export Prices.

6. EAA Natural Gas Prices Regulations

Various amendments to prescribe the prices at which companies purchase Alberta gas outside that province for consumption in the domestic or export market, as follows:

Company	Order-in-Council
1. Alberta Natural Gas Company (Re: AO-17-TG-1-80)	P.C. 1985-1964 dated 20 June 1985
2. Alberta Natural Gas Company (Re: AO-18-TG-1-80)	(Pending)
3. Foothills Pipe Lines (Yukon) Ltd (Re: AO-8-TG-4-82)	(Pending)

7. EAA Part I Regs

Two amendments modifying the provisions governing the procedures for making payments to producing provinces of a share of crude oil export charge revenues. (One amendment was approved by P.C. 1985-1820 dated 6 June 1985; the other is subject to the approval of the Governor in Council.)

8. Foothills Pipe Lines (Yukon) Ltd. Special Charge Accounting Regulations (1552-F6)

On 12 June 1984 the Board distributed for comments to Foothills (Yukon) and interested parties draft Special Charge Accounting Regulations designed to permit refunding of the Special Charge to shippers on the prebuilt system (Phase I), when the mainline (Phase II) is completed. Comments were received from Foothills (Yukon). Interested parties have been asked to comment, by 9 September 1985, regarding the need for such regulations at this time.

Tariff Matters

1. Westcoast Transmission Company Limited (Westcoast)

The Board approved a methodology for the calculation of Westcoast's tolls for all interruptible transportation service agreements, effective 1 August 1985.

2. Cochin Pipe Lines Ltd. (Cochin)

The Board denied an application dated 3 April 1985 by Cochin for categorization as a small pipeline. The Board is examining other ways to reduce the degree of regulation applicable to the Company.

3. Cochin Pipe Lines Ltd. (Cochin)

The Board accepted the filing by Cochin of two tariffs offering reduced special summer rates. NEB

Tariff No. 30 applies to the movement of ethylene for delivery to Sarnia, Ontario from 15 August to 14 September 1985. NEB Tariff No. 31 applies to the movement of propane for delivery to Windsor, Ontario from 18 July to 14 September 1985.

Toll Application Procedures

The Board reviewed the toll application procedures for Cochin Pipe Lines Ltd., Interprovincial Pipe Line Ltd., Trans Mountain Pipe Line Company Ltd. and Trans-Northern Pipe Line Company. Following comments submitted by interested parties, the Board has decided to retain the existing Class 1, 2 and 3 procedures, with modifications to improve their effectiveness. The Board issued revised procedures for Interprovincial, Trans Mountain and Trans-Northern on 20 June 1985. The Board is continuing to review the procedures applicable to Cochin.

Regulation of Group 2 Companies

Proposed guidelines which would simplify the regulation of certain pipeline companies under the Board's jurisdiction were issued on 13 August 1985. These new guidelines will significantly reduce the regulatory burden on 30 oil and gas pipeline companies (Group 2 companies). The remaining 10 major companies (Group 1) are not affected by the guidelines and continue to be subject to existing regulatory requirements. The new approach resulted from a review which the Board conducted in the last few months to determine how it could tailor its regulatory requirements to an appropriate level.

Pipeline Audit Reports Prepared by Board Staff

Since the last Regulatory Agenda, the following pipeline audit reports have been prepared by staff and are now available:

Company	Period
Alberta Natural Gas Company Ltd.	1 Jan. 84 - 31 Dec. 84
Westcoast Transmission Company Limited	1 Jan. 84 - 31 Dec. 84
Foothills Pipe Lines (Yukon) Ltd.	1 Jan. 84 - 31 Dec. 84
Foothills Pipe Lines (Yukon) Ltd. (Phase I Construction Costs and Phase II Preliminary Expenditures)	1 Jan. 84 - 31 Dec. 84
Interprovincial Pipe Line Ltd.	1 Jan. 84 - 31 Dec. 84

Board Staff Changes

Dr. P. Miles has been appointed Director General, Energy Studies.

The Secretary, Mr. G. Yorke Slader, and the Director Oil Branch, Mr. P. Scotchmer, will both be retiring from

the Board on 4 October 1985. Successors will be announced later.

Mr. E.S. Bell, formerly Director Electric Power Branch, and recently a Temporary Board Member, retired in July 1985. Mr. A. Karas is acting Director of the Branch.

Reports and Speeches Available

1. "U.S. - Canada Electricity Trade: Benefits and Issues", notes for a speech by R.F. Brooks, Vice-Chairman, to the Annual Membership Meeting of the Northwest Public Power Association in Reno, Nevada on 28 May 1985.
2. "Panel Discussion on Financing of Major Energy Projects", a speech by C. Geoffrey Edge, Chairman, to the American and Canadian Bar Associations (Joint Conference on Canada/U.S. Trade in Energy) in Toronto, Ontario on 14 June 1985.
3. "Discussion on the Canadian Gas Association Panel", notes for a speech by C. Geoffrey Edge, Chairman, to the Canadian Gas Association in Jasper, Alberta on 18 June 1985.
4. The Board's 1984/85 Annual Report pursuant to the Access to Information Act and the Privacy Act was tabled in the House of Commons on 19 June 1985. The report summarizes the administration and implementation of the two Acts at the Board.
5. "The Canadian Energy Picture - Today and Tomorrow: Life After Deregulation", a speech by C. Geoffrey Edge, Chairman, to the National Convention of the Propane Gas Association of Canada in Jasper, Alberta on 24 June 1985.
6. "Social Discount Rate: Is 10 Percent Too High?", a staff paper dated May 1985, released in June. This publication reports on a staff investigation of the various factors that determine the magnitude of the social discount rate, used in cost-benefit analyses.
7. "Canadian Energy Regulation - Natural Gas and Electricity", a paper presented by Mr. R. Choy, Gas Branch to the NARUC Annual Regulatory Studies Program on 1 August 1985.

Information Bulletins

Since September 1983, the Board has published a series of nine Information Bulletins describing its activities and procedures. The following Information Bulletin No. 9 is the latest in this series and was issued in June 1985:

"Protection of the Environment - Pipelines. Environmental matters are of major concern to the National Energy Board in considering applications for certifi-

cates to construct oil or gas pipelines. This bulletin explains how the Board deals with environmental protection during and after pipeline construction".

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier: (613) 990-7900).

The required number of copies of applications are listed in Appendix 1 to the Board's Regulatory Agenda No. 8. Copies of that Appendix are available on request.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. (The Board's publications and mailing lists are discussed in Information Bulletin No. 5).

For those already on the Board's mailing lists, please provide notification of any change of address. Please also inform the Secretary of any change in your telex or telecopy facilities or numbers.

NATIONAL ENERGY BOARD



G. Yorke Slader
Secretary

For information, please contact:
Ms. Gaétane Courchesne
Information Services
(613) 998-7192

NATIONAL ENERGY BOARD



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REGULATORY AGENDA



This document is also available in French.

Ce document est également publié en français.

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Preface

The purpose of this quarterly Agenda is to provide advance notice of forthcoming regulatory actions and information on the status of ongoing proceedings.

The Board's regulatory responsibilities under the National Energy Board Act include the licensing of oil, natural gas and electricity exports, the certification of international power lines and interprovincial and international pipelines, and the setting of tolls and tariffs for such pipelines.

Except where otherwise noted, jurisdiction over the items listed in the Agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1970, c.N-6. An Office Consolidation of the Act, dated March 1983, is available from the Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, K1A 0S9 (Price \$2.75; other countries \$3.30).

Hearing Matters

Recent Hearing Reports and Decisions

Since the 1 September 1985 edition of the Agenda, the following reports have been published by the

Board as a result of public hearings:

1. Hydro-Québec - Order IPL-Q2-9-85, issued in October 1985, approving one section of the detailed route of Hydro-Québec's international power line in the Eastern Townships for exports to the New England Power Pool (NEPOOL). The Board's Reasons for Decision, dated July 1985, and Order IPL-Q2-7-85 authorized all sections of the route, save three. The remaining two are the subject of a separate proceeding.
2. Trans Québec & Maritimes Pipeline Inc.(TQM) - Reasons for Decision dated September 1985, released 24 September 1985. The report pertains to a toll order issued in August 1985 authorizing new tolls effective 1 September 1985.
3. TransCanada Pipe Lines Ltd. - Reasons for Decision dated September 1985, released 11 October 1985. The report pertains to new tolls effective 1 November 1985.
4. Extensions to 1983 Gas Export Licences - Applications from TransCanada, KannGaz, Pan-Alberta and ProGas for extensions of the gas export licences issued in 1983 as a result of the 1982 Om-

nibus Gas hearing. The extensions sought were to compensate for delays in the start of the flow of gas. The applications also requested changes in the export points. (GH-1-85)

The hearing was held in Ottawa from 18 to 24 September 1985. On 28 October 1985, the Board approved the extensions to the licences but denied the changes in the export points. The Reasons for Decision will be issued in the near future.

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have already been completed.

1. Interprovincial Pipe Line Ltd. (IPL) - Hearing on a request by the Township of Flamborough, Ontario to review the Board's decision to permit IPL to locate propane terminal facilities in the Flamborough area. The Board held a hearing to receive the submissions of interested parties. (MH-1-83)

The hearing lasted 28 days during April to July in Burlington, Oakville and Ottawa. It continued in Ottawa on 26 August and ended on 29 August 1985. The Reasons for Decision will be issued shortly. (Refer also to *Awarding of Costs.*)

2. Cochin Pipe Lines Ltd./Dome Petroleum Limited (Cochin/Dome) - This hearing was held to address the subject of the availability of propane terminal and storage facilities in Windsor, Ontario. This matter was raised as a concern by users of the pipeline operated by Cochin Pipe Lines Ltd. The Board also examined the issue of the present and future need for storage facilities in Windsor and access to the existing facilities operated by Dome Petroleum Ltd. (MH-5-85)

The hearing was held from 29 October to 5 November 1985 in Calgary, Alberta and final argument was filed during November 1985. The hearing was heard before Mr. Hardie, as a single member, and it is expected that his report to the Board will be issued in the near future.

3. Hydro-Québec - A hearing was held on 24 and 25 September 1985 in Montreal, Quebec to consider an application for a licence to export firm power and energy and assured secondary energy to Citizens Utilities in Vermont. (EH-1-85)

The Reasons for Decision will be issued in early December.

Hearings in Progress or Adjourned

1. Canada LNG Corporation - Application for a Certificate of Public Convenience and Necessity for

facilities to manufacture liquefied natural gas (LNG) for export to Japan. (GH-1-83)

A hearing on this application (originally filed by Dome Petroleum Limited) began on 17 October 1983 and was adjourned on 23 November 1983 pending the filing of further information in support of the application. As this information has not yet been received, no date has been set for the continuation of the hearing.

2. Alberta and Southern Gas Co. Ltd. (A&S) - The Board held a hearing on 30 September 1985 to consider an application dated 15 August 1985 by A&S to consolidate its existing export licences, GL-3, 16, 24, 35, 67, 68 and 69 into one licence, without changing the maximum authorized quantities. (GH-3-85)

On 14 November 1985, A&S withdrew its application. The Board has sent a letter to A&S advising that the Board now considers the matter closed.

3. Interprovincial Pipe Line Ltd. (IPL) - Inquiry into an accident which occurred on the IPL pipeline system near Strome, Alberta in February 1985. (MH-2-85)

The inquiry was held in Edmonton, Alberta on 26 to 30 March and 22 to 24 October 1985. Written final argument is due from parties in early December 1985.

4. Omnibus Gas Export Hearing. Following favourable comments from industry on its letter of 30 May 1985, the Board decided to hold a phased proceeding on natural gas exports. (GH-2-85)

Phase I is reviewing the procedures the Board uses to determine the surplus of natural gas available for export. Phase II will determine the amount of surplus gas available for export, using the procedures established in Phase I. Later phases will deal with the allocation of any surplus among potential exporters and applications to construct any pipeline facilities needed to transport new exports.

Phase I of the hearing took place in Calgary, Alberta from 18 to 21 November 1985 and will continue in Ottawa on 2 December 1985. It is anticipated that Phase II of the hearing will be held in the spring of 1986.

Hearings Scheduled

The following public hearings are scheduled to commence on the dates indicated:

1. TransCanada PipeLines Limited (TCPL)- Inquiry into an accident which occurred on the TCPL right-of-way in Oshawa, Ontario in October 1985.

The inquiry is expected to be held in February 1986.

2. TransCanada PipeLines Limited -(TCPL)- Review of Toll Decision

A public hearing will be held on 13 January 1986 in Ottawa, in response to a request made in paragraph 7 of the 31 October 1985 Agreement on Natural Gas Markets and Prices between the federal government and the producing provinces. The Board will review concerns regarding the availability of transportation service and the possibility of double demand charges resulting from volumes being displaced. The Board will also review those aspects of the Board's September 1985 Reasons for Decisions on TCPL's tolls which are related to the above concerns. (RH-5-85)

Hearing Applications Filed

The following applications, available for examination in the Board's library in Ottawa and in its Calgary office, have been filed with the Board, but dates have not yet been set for their hearing:

Applicant	Date of Application	Application
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 79	Certificate for Dempster Lateral (dormant at the request of the applicant)
2. Polar Gas Ltd.	29 June 84	Certificate for a natural gas pipeline from the Mackenzie Delta and Beaufort Sea (application incomplete).
3. TransCanada PipeLines Ltd.	29 March 85 Rev: 14 June 85	Certificate for additional gas pipeline facilities for exports at Niagara Falls (TransNiagara Project).
4. Foothills Pipe Lines (Yukon) Ltd.	13 February 85	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System (CAN-AM Project).
5. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Venture) Limited	17 July 85	Export of natural gas to U.S. (Venture Project)
6. Cyanamid Canada Pipeline Inc.	30 October 85	Pipeline facilities and orders to effect the direct purchase of Alberta gas for use in Ontario.
7. Interprovincial Pipe Line Ltd.	15 November 85	Expansion of Lines 1 and 3 between Regina, Saskatchewan and Gretna, Manitoba,

On the Horizon

On the basis of advance information, it appears probable that the following major matters will be considered by the Board within the next twelve months, most by public hearing:

Company	Description
1. Westcoast Transmission Company Ltd.	Tolls
2. Shell Canada Resources Ltd.	Conversion of one line of Portland-Montreal oil pipeline to transport natural gas.
3. Hydro-Québec	Detailed Route Hearing (NEPOOL I)
4. Hydro-Québec	Exports of power to New England (NEPOOL II)
5. TransAlta Utilities Corporation	Export of power via B.C. Hydro's facilities.
6. Manitoba Hydro	Exports of power
7. New Brunswick Electric Power Commission	Dedicated long-term export to New England utilities (Lepreau II)
8. Sable Gas Systems Limited	Offshore and Onshore Pipeline Facilities

Negotiated Natural Gas Export Prices

The 31 October 1985 agreement between the federal government and producing provinces (Refer also to *Deregulation of Natural Gas Exports*) changed the government's one-year old policy on negotiated natural gas export pricing. Some of the criteria that companies must meet in applying to the Board for changes in the pricing conditions of long-term licences have changed. As well, the regulation of applications for short-term export orders at negotiated prices has been relaxed.

A table listing the status of applications received since the last Regulatory Agenda or pending at that time is available from Information Services.

Non-hearing Matters

The Board has before it a number of applications that do not require public hearings. They include applications for: orders to authorize minor additions to pipeline systems; orders to amend export licences, orders, or certificates; and orders to authorize toll adjustments.

Reviews

1. Trans Mountain Pipe Line Company Ltd. (Trans Mountain) - In an application dated 28 August 1985, Trans Mountain requested a review of part of the Board's toll decision of March 1985. The application for review related to jurisdiction over the Westridge propane facility.

On 15 October 1985, the Board decided to conduct a review by written submissions and requested comments by 8 November 1985. The matter is currently under consideration by the Board.

2. Tricentrol Oil Limited (Tricentrol) - On 12 September 1985, Tricentrol requested a review of the Board's decision of 30 July 1985 denying Tricentrol's application for a short-term export of natural gas to J.R. Simplot of North Dakota.

By letter dated 19 September 1985, the Board outlined the procedures to be followed for this type of application. On 22 November 1985, Tricentrol withdrew its application for review.

Appeals

1. The New Brunswick Electric Power Commission (NBEPCC)

In March 1985 NBEPCC filed with the Federal Court of Appeal;

1. an application under subsection 18(1) of the National Energy Board Act for leave to appeal the Board's 20 February 1985 decision concerning Maritime Electric Company Limited (MECL) and NBEPCC.
2. an application pursuant to section 50 of the Federal Court Act for a stay of the Board's decision and order M0-9-84 in respect of the MECL/NBEPCC matter.

The applications were argued before the Court on 17 and 18 April and Leave to Appeal was granted. The Court, in a decision dated 3 June 1985, denied the application for a stay of the Board's decision and order. The appeal was argued before the Federal Court of Appeal on 23, 24 and 25 July 1985. In its decision of 6 August 1985, the Court dismissed NBEPCC's appeal.

On 3 October 1985, NBEPCC filed with the Supreme Court of Canada an application for leave to appeal the judgement of the Federal Court of Appeal. The application was heard on 28 October 1985. On 21 November 1985, the Supreme Court dismissed the application with costs.

Awarding of Costs

During the course of the hearing on the review of the Board's decision to permit IPL to locate propane terminal facilities in the Flamborough area (Refer also to *Hearing Decisions Pending*) several parties asked that the Board make an award of costs, payable by IPL, in their favour.

By letter dated 17 October 1985, the Board referred to the Federal Court of Appeal the question of the Board's jurisdiction to award costs in this hearing. In its motion, the Board requested that the Federal Court of Appeal set 10 February 1986 as the date for the hearing of arguments.

Deregulation of Natural Gas Exports

By letter dated 31 October 1985, the Minister of Energy, Mines and Resources informed the Board of the government's new natural gas export pricing policy affecting both long-term gas export licences and short-term export orders effective 1 November 1985. The Minister's letter also outlined the various Criteria of Acceptability applicable to export sales.

Under the new policy, the price of natural gas exports for licensed sales will no longer be tied to the Toronto City Gate Price. Rather, the price of exported gas must not be less than the wholesale price charged to Canadian distributors for similar types of service in the area or zone adjacent to the export point. Any renegotiated prices contained in long-term licences will still be subject to the approval of the Minister, on the advice of the Board.

In addition, short-term export orders may be issued by the Board authorizing exports for a period of up to two years with no volumetric restrictions provided that the price charged is not less than the price charged to Canadians for similar types of service in the area or zone adjacent to the export point. Orders may also be issued authorizing exports for limited amounts for a period of more than two years, but not exceeding 20 years.

The Board issued an Interim Memorandum of Guidance dated 8 November 1985 on regulatory procedures and information requirements for applicants filing for changes to existing gas export sales contracts and licences and for short-term gas export orders. Addressees were requested to comment on the interim guidelines by 29 November 1985.

Submission to U.S. Federal Energy Regulatory Commission (FERC)

In June, the Board received from FERC a Notice of Proposed Rulemaking, which proposed comprehensive changes in FERC's regulations governing the transportation of natural gas by interstate pipelines. In a submission to the Commission dated 11 July 1985, the Board expressed concern about a number of FERC's proposals which the Board felt might discriminate against Canadian gas. The Board was particularly concerned about the impact on Canadian exports of gas of Part D of the Commission's proposal. This part relates to the pricing of natural gas by pipelines.

In early October 1985, FERC issued a Final Rule which adopted many of the original proposals. With respect to Part D, however, the Commission deferred its decision pending receipt of further comments. In a further submission to FERC dated 18 November 1985, the Board reiterated its concerns about the effects the proposals in Part D could have on the marketability of Canadian gas.

Negative Salvage Value

A pipeline has a negative salvage value when the cost of its removal exceeds the salvage value generated from the sale of the removed material for scrap or for use by others. On 30 September 1985, the Board issued a background paper on negative salvage value, addressing the environmental, engineering and financial problems that need to be considered before a pipeline is removed or abandoned.

In issuing the paper, the Board sought the views of industry and interested parties on whether this is an issue of concern at this time. Comments, which were requested by 25 November, have been received and are currently under consideration by the Board.

Environmental Information Guidelines for Processing and Storage Facilities

On 11 October 1984, all companies under the Board's jurisdiction were sent draft guidelines outlining the environmental information required with applications for gas plants and other facilities such as oil storage tanks and LNG terminals. The Board issued the second draft of these guidelines on 3 September 1985, requesting comments by 15 October 1985. The comments received are under consideration.

Amendments to Rules of Practice and Procedure

In its continuing review of regulatory requirements, the Board has issued for comment two new revised parts:

1. Part III of the Schedule, which lists the information to be filed with an application for a certificate for an electric power line. Comments, which were requested by 15 October 1985, have been received and are under review.
2. Part VI of the Schedule, which lists the environmental information to be filed with an application for a certificate or order for a pipeline. This new part was distributed with the document Environmental Information Guidelines for Processing and Storage Facilities. Comments, which were requested by 15 October 1985, have been received and are being considered.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations will replace and combine the existing Oil Pipeline Regulations and Gas Pipeline Regulations. These regulations provide for the safe design, construction and operation of onshore oil and gas pipelines. A second draft, which was issued in May 1985, requested that comments be submitted by 31 May 1985. A final draft was prepared, taking into account the comments received, and was reviewed by an Industry Task Force at the end of November. Final comments will also be invited from other interested parties.

2. Offshore Pipeline Regulations

On 20 December 1984 the Board issued for comment the first draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA preliminary standard, "CSA Z187, Offshore Pipeline Standard", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties were invited to submit comments on these regulations by 15 April 1985. Following a meeting with industry representatives on 18 April 1985, industry and Board staff task forces were set up to review these regulations. Based on the results of the joint task force review, a further draft has been prepared which will be submitted in the near future for final review by an industry task force and other interested parties.

3. Construction Cost and Financial Information Regulations

New draft regulations on the information to be furnished by companies that construct and operate a pipeline were issued for comment to pipeline companies under the Board's jurisdiction and to other interested parties in August 1985. Final comments, which were requested by 15 October 1985, have been received and are now under review.

4. Pipeline Companies Records Preservation Regulations

Amendments allowing pipeline companies to dispose of certain records such as vouchers and invoices after a six-year period were approved by the Governor in Council, P.C. 1985-2743 dated 12 September 1985.

5. Gas Export Prices Regulations

- (a) Amendment to extend the volume related incentive pricing (VRIP) scheme to the period 1 November 1985 to 31 October 1986 was approved by Governor in Council on 1 November 1985 (P.C. 1985-3276).
- (b) Various amendments to establish the prices of gas exports by individual companies or to make administrative changes. They correspond with applications for negotiated natural gas export prices, a table of which is available from Information Services.

6. Part VI Regulations

Amendment to section 8 to include the government's recent decision to deregulate short-term exports of natural gas by providing for two-year orders with no volume restrictions and 20-year orders, with volume restrictions. (Approved by P.C. 1985-3284 dated 1 November 1985).

7. Energy Administration Act - Natural Gas Prices Regulations, 1981

Various amendments to prescribe the prices at which companies purchase Alberta gas outside that province for consumption in the domestic or export market, as follows:

Company	Order-in-Council
1. Alberta Natural Gas Company Ltd. (Re: AO-18-TG-1-80)	P.C. 1985-2744 dated 12 September 1985
2. Foothills Pipe Lines (Yukon) Ltd. (Re: AO-8-TG-4-82)	P.C. 1985-2808 dated 19 September 1985
3. Imperial Oil Limited (Re: GO-6-85)	P.C. 1985-3277 dated 31 October 1985
4. TransCanada PipeLines Limited (Re: Agreement with producing provinces)	P.C. 1985-3283 dated 1 November 1985

8. Energy Administration Act - Part I Regulations

Two amendments modifying the provisions governing the procedures for making payments to producing provinces of a share of crude oil export charge revenues. (One amendment was approved by P.C. 1985-1820 dated 6 June 1985; the other by P.C. 1985-2806 dated 19 September 1985.)

9. Foothills Pipe Lines (Yukon) Ltd. Special Charge Accounting Regulations

On 12 June 1984 the Board distributed for comments to Foothills (Yukon) and interested parties draft Special Charge Accounting Regulations designed to permit refunding of the Special Charge to shippers on the prebuilt system (Phase I), when the mainline (Phase II) is completed.

On the basis of comments received from Foothills and interested parties, the Board decided, on 2 October 1985, to defer consideration of the regulations until a future Foothills tolls hearing.

Tariff Matters

1. Westcoast Transmission Company

The Board directed Westcoast, pursuant to Section 59(2) of the NEB Act, to gather, process and transport gas on behalf of Czar Resources Limited for direct sales to Fording Coal Limited, Chatterton Petrochemical Corporation, Clayburn Industries Ltd. and Columbia Bithulithic Ltd. The Board further specified that no charges be collected in addition to the toll for over and under deliveries, pending further consideration at the forthcoming toll hearing.

2. Westcoast Transmission Company Limited

The Board approved the disposition of Westcoast's accumulated deferred income tax balance as at 31 December 1982.

3. Trans Mountain Pipe Line Company Ltd.

The Board approved new tolls to be effective 1 November 1985.

4. Cochin Pipelines Ltd.

The Board approved, on an interim basis, NEB Tariff No. 32 effective 1 December 1985, for the shipment of natural gas liquids from Fort Saskatchewan, Alberta and Kerrobert Station, Saskatchewan to Windsor, Ontario.

Toll Application Procedures

On 20 June 1985, the Board issued revised toll application procedures for Interprovincial Pipe Line Ltd., Trans Mountain Pipe Line Company Ltd. and Trans-Northern Pipe Line Company. The Board is continuing to review the procedures applicable to Cochin Pipe Lines Ltd.

Board Members and Staff Changes

Mr. C.G. Edge, Chairman, will be retiring on 10 January 1986. Mr. R. Priddle, who has been named as Mr. Edge's successor, will assume his duties on 10 January 1986. Mr. Priddle is currently the Assistant Deputy Minister, Petroleum, in the Department of Energy, Mines and Resources.

The position of Director General, Energy Studies, occupied by Mr. P. Miles, has been renamed Director General, Energy Regulation. The position now has five branches reporting to it: Economics, Energy Supply, Electric Power, Gas, and Oil.

Mr. J.S. Klenavic was appointed Secretary of the Board, effective 5 October 1985.

Other recent appointments include Mr. M. Segal as Director, Economics Branch, Mr. A. Karas as Director, Electric Power Branch, Mr. R. White as Director, Oil Branch, and Mr. E.L.M. Gordon as Chief Engineer and Director, Pipeline Engineering and Operations Branch. Miss S.K. Fraser will become General Counsel on 2 January 1986, replacing Mr. F.H. Lamar, who will be retiring.

Reports and Speeches

1. "Notes for Remarks to the Canadian Association of Members of Public Utility Tribunals", a speech by R.F. Brooks, Vice-Chairman, to the Association at its annual convention in Whitehorse, Yukon from 9-11 September 1985.
2. "Speaking Notes for an Address to the American Gas Association", a speech by C.G. Edge, Chairman, on behalf of Pat Carney, Minister, in Phoenix, Arizona on 21 October 1985.
3. "Natural Gas Deregulation: Portents of Things to Come", a speech by C.G. Edge, Chairman, to the Financial Post Conference "Energy Investment: Prospects in Oil and Natural Gas", in Calgary on 13 November 1985.
4. "The Marketing of Canadian Natural Gas - A Problem or an Opportunity ?", a speech by C.G. Edge, Chairman, to the Info-Tech Conference in Calgary on 27 November 1985.
5. "Socio Economics and the NEB", a paper dated October 1985 prepared by the Economics Branch.
6. "Pipeline Construction: Prevention of Impacts on Agricultural Lands", a paper prepared by J.M. Ramsey and S.A. Burgess, Environment and Right-of-Way Branch, published in the August 1985 issue of *"Right-of-Way"*.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900)

The required number of copies of applications are listed in Appendix 1 to the Board's Regulatory Agenda No. 8. Copies of that Appendix are available on request.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. (The Board's publications and mailing lists are discussed in Information Bulletin No. 5).

For those already on the Board's mailing lists, please provide notification of any change of address. Please also inform the Secretary of any change in your telex or telecopy facilities or numbers.

NATIONAL ENERGY BOARD



J.S. Klenavic,
Secretary

For information, please contact:
Ms. Gaétane Courchesne
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(613) 990-3448



REGULATORY AGENDA

This document is also available in French.

Ce document est également publié en français.

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Preface

The purpose of this quarterly Agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions and information on the status of ongoing proceedings.

The Board's regulatory responsibilities under the National Energy Board Act include the licensing of oil, natural gas and electricity exports, the certification of international power lines and interprovincial and international pipelines, and the setting of tolls and tariffs for such pipelines.

Except where otherwise noted, jurisdiction over the items listed in the Agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1970, c.N-6. An Office Consolidation of the Act, dated March 1983, is available from the Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, K1A 0S9 (Price \$2.75; other countries \$3.30).

Hearing Matters

Recent Hearing Reports and Decisions

Since the 1 December 1985 edition of the Agenda, the following reports have been published by the Board as a result of public hearings:

1. Extensions to 1983 Gas Export Licences - Applications were received from TransCanada, Kann-Gaz, Pan-Alberta and ProGas for extensions of the gas export licences issued in 1983 as a result of the 1982 Omnibus Gas hearing. The extensions sought were to compensate for delays in the start of the flow of gas. The applications also requested changes in the export points. (GH-1-85)

The hearing was held in Ottawa from 18 to 24 September 1985. On 28 October 1985, the Board approved the extensions to the licences but denied the changes in the export points.

The Reasons for Decision, dated December 1985, were released on 30 January 1986.

2. Interprovincial Pipe Line Limited (IPL) - This hearing was held on a request by the Township of Flamborough, Ontario to review the Board's decision to permit IPL to locate propane terminal facilities in the Flamborough area. The Board held a hearing to receive the submissions of interested parties. (MH-1-83)

The hearing lasted 30 days during April to July 1985 in Burlington, Oakville and Ottawa. It continued in Ottawa on 26 August and ended on 29 August 1985.

In its Reasons for Decision, dated December 1985, released on 10 January 1986, the Board affirmed its earlier decision on the location of the propane terminal facilities in the Flamborough area. (Refer also to *Appeals* and *Awarding of Costs*.)

3. Cochin Pipe Lines Ltd./Dome Petroleum Limited (Cochin/Dome) - This hearing was held to address the subject of the availability of terminal and storage facilities in Windsor, Ontario. This matter was raised as a concern by users of the pipeline operated by Cochin. The Board also examined the issue of the present and future need for storage facilities in Windsor and access to the existing facilities operated by Dome. (MH-5-85)

The hearing was held from 29 October to 5 November 1985 in Calgary, Alberta. The hearing was heard before Mr. Hardie, as a single member. His report to the Board, dated January 1986, was issued on 17 February 1986. The Board's decision on Mr. Hardie's report was attached thereto.

The most significant aspect of the decision was that the Board has jurisdiction over a portion of the facilities at Windsor, Ontario, namely, certain storage caverns, dehydration facilities, and connecting pipelines owned by the Ethane Shippers' Joint Venture.

4. Hydro-Québec - A hearing was held on 24 and 25 September 1985 in Montreal, Quebec to consider an application for licences to export firm power and energy and assured secondary energy to Citizens Utilities Company in Vermont. (EH-1-85)

The Board granted the application but conditioned the licences to require Hydro-Québec to re-offer to Canadian utilities the energy proposed to be exported.

The Reasons for Decision, dated November 1985, were released on 5 December 1985. The licences were approved by Governor in Council on 20 December 1985. (P.C. 1985-3763)

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have already been completed.

1. Interprovincial Pipe Line Limited (IPL) - This inquiry dealt with an accident which occurred on the IPL pipeline system near Strome, Alberta in February 1985. (MH-2-85)

The inquiry was held in Edmonton, Alberta on 26 to 30 March and 22 to 24 October 1985. The Board's report will be issued in the spring of 1986.

Hearings in Progress or Adjourned

1. Canada LNG Corporation - This application requested a Certificate of Public Convenience and Necessity for facilities to manufacture liquefied natural gas (LNG) for export to Japan and the construction of a pipeline to the LNG plant. (GH-1-83)

A hearing on this application (originally filed by Dome Petroleum Limited) began on 17 October 1983 and was adjourned on 23 November 1983 pending the filing of further information in support of the application. By letter dated 30 January 1986, Canada LNG Corporation notified the Board that the consolidated facilities application had been withdrawn as the Japanese buyers and the Canadian companies involved had mutually agreed to abandon the project. The hearing has been terminated.

2. TransCanada PipeLines Limited (TCPL)- Review of Toll Decision

This public hearing is being held in response to a request made in paragraph 7 of the 31 October 1985 Agreement on Natural Gas Markets and Prices between the federal government and the producing provinces. The Board is reviewing concerns regarding the availability of services provided by TCPL and the possibility of double demand charges resulting from volumes being displaced by direct sales. The Board is also reviewing those aspects of the Board's September 1985 Reasons for Decision on TCPL's tolls which are related to the above concerns. (RH-5-85)

The hearing began on 13 January 1986 in Ottawa and continued for three days. It continued from 27 January to 6 February, adjourning until 17 February.

During the hearing the Board received an application from Gaz Métropolitain, inc. for an interim order directing TransCanada to suspend the prorata provisions of its T-AOI toll schedule until the hearing decision is rendered. The Hearing Panel approved the application and issued order TGI-3-86.

3. Interprovincial Pipe Line Limited (IPL) - This application requests approval to expand Lines 1 and 3 of IPL's pipeline system between Regina, Saskatchewan, and Gretna, Manitoba to increase its pumping capacity. (OH-3-85)

The hearing was held 24 to 28 February 1986.

4. Omnibus Gas Export Hearing - Following favourable comments from industry on its letter of 30 May 1985, the Board decided to hold a phased proceeding on natural gas exports. (GH-2-85)

Phase I, which reviewed the procedures used by the Board to determine the surplus of natural gas available for export, took place in Calgary, Alberta from 18 to 21 November 1985 and continued in Ottawa on 2 to 19 December 1985. The Board expects to release its Reasons for Decision on Phase I in the spring of 1986. The content, format and timing of subsequent phases has not yet been determined.

Hearings Scheduled

The following public hearings are scheduled to commence on the dates indicated:

1. TransCanada PipeLines Limited (TCPL)- This inquiry will deal with an accident which occurred on the TCPL right-of-way in Oshawa, Ontario in October 1985.

The inquiry will begin on 15 April 1986 in the Ramada Hotel - Don Valley in Willowdale, Ontario.

2. Westcoast Transmission Company Limited (Westcoast) - This application, dated 1 December 1985, requests new tolls effective 1 January 1986. The hearing will begin on 4 March 1986 in Vancouver. (RH-6-85)

On 18 December 1985, the Board approved interim tolls, effective 1 January 1986, which Westcoast may charge until new tolls are approved by the Board. Following the receipt of objections from interested parties regarding the establishment of the interim tolls, the Board decided to review its decision on the interim tolls. (AO-1-RH-6-85) This review was to be held at the opening of the hearing on 4 March 1986. Subsequently, the objections from parties were with-

drawn and the Board decided that the review is no longer required. (AO-2-RH-6-85)

Applications Filed - No Dates Set for Hearing

The following applications, available for examination in the Board's library in Ottawa and in its Calgary office, have been filed with the Board, but dates have not yet been set for their hearing:

Applicant	Date of Application	Application
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral (dormant at the request of the applicant)
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta and Beaufort Sea (application incomplete).
3. TransCanada PipeLines Limited	29 March 1985 Rev: 14 June 1985	Certificate for additional gas pipeline facilities for exports at Niagara Falls (TransNiagara Project).
4. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System (CAN-AM Project). (The proponents of the associated American facilities have withdrawn from the project. The application is expected to be refiled sometime in the future.)
5. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to U.S. (Venture Project). (applications incomplete)
6. Various Industrial Gas Purchasers	from October 1985	Orders to effect the direct purchase of western gas for use in Ontario
7. Hydro-Québec	16 December 1985	Export of electricity to New England (NEPOOL II)
8. Polysar Hydrocarbons Limited	7 January 1986	Certificate for 8 km of pipeline facilities crossing the St. Clair River in Ontario
9. TransCanada PipeLines Limited	21 February 1986	Tolls for natural gas pipeline
10. Trans Mountain Pipe Line Company Ltd.	28 February 1986	Tolls for oil pipeline
11. Trans Québec & Maritimes Pipeline Inc	28 February 1986	Tolls for natural gas pipeline

On the Horizon

In addition to the applications which have already been filed with the Board, it is possible that the following major matters will be considered by the Board within the next twelve months, most by public hearing:

Company	Description
1. Shell Canada Resources Ltd.	Conversion and reversal of part of one line of Portland-Montreal oil pipeline to transport and export natural gas
2. TransAlta Utilities Corporation	Export of electricity via B.C. Hydro's facilities.
3. Manitoba Hydro	Exports of electricity
4. Sable Gas Systems Limited	Offshore and Onshore Pipeline Facilities
5. Foothills Pipe Lines (Yukon) Ltd	Tolls for short-term and interruptible service for natural gas
6. TransCanada PipeLines Limited	Pipeline facilities to export gas at Iroquois, near Morrisburg, Ontario

Non-hearing Matters

The Board has before it a number of applications that do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, and to authorize toll adjustments.

Reviews

Trans Mountain Pipe Line Company Ltd. (Trans Mountain)

In an application dated 28 August 1985, Trans Mountain requested a review of part of the Board's toll decision of March 1985. The application for review related to jurisdiction over the Westridge propane facility.

On 15 October 1985, the Board decided to conduct a review by written submissions and requested comments by 8 November 1985. By letter dated 9 January 1986, the Board informed Trans Mountain that it had decided that the Board does not have jurisdiction over the Westridge propane facility.

Appeals

Interprovincial Pipe Line Limited (IPL)

On 7 February 1986, the Board received notice that an application for leave to appeal and an application to extend the time for filing an application pursuant to Section 28 of the Federal Court Act had been filed in the Federal Court of Appeal in the matter of the Board's decision on IPL Flamborough. The matter is scheduled to be heard by the Federal Court of Appeal on 2 April 1986. (Refer also to *Recent Hearing Reports and Awarding of Costs*.)

Awarding of Costs

During the course of the hearing on the review of the Board's decision to permit Interprovincial Pipe Line Limited (IPL) to locate propane terminal facilities in the Flamborough area (Refer also to *Recent Hearing Reports and Appeals*), several parties asked that the Board make an award of costs, payable by IPL, in their favour.

By letter dated 17 October 1985, the Board referred to the Federal Court of Appeal the question of the Board's jurisdiction to award costs in this hearing. The matter is scheduled to be heard by the Federal Court of Appeal on 30 April 1986.

Deregulation of Natural Gas Exports

The 31 October 1985 Agreement on Natural Gas Markets and Prices between the federal government and producing provinces changed the government's one-year old policy on negotiated natural gas export pricing. Some of the criteria that companies must meet in applying to the Board for changes in the pricing conditions of long-term licences have changed. As well, Board's regulatory procedures for dealing with applications for short-term export orders have been relaxed.

The Board issued an Interim Memorandum of Guidance dated 8 November 1985 on regulatory procedures and information requirements for applicants filing for changes to existing gas export sales contracts and licences and for short-term gas export orders. Addressees had been requested to comment on the interim guidelines by 29 November 1985. On the basis of the comments received, the Board finalized and issued the Memorandum of Guidance, dated 12 February 1986.

A table listing the status of applications received since the last Regulatory Agenda or pending at that time is available from the Board's Information Services.

Extension of Sunset Clauses in Gas Licences

In early 1983, the Board issued a number of new gas export licences, containing a "sunset" clause requiring the exporter to furnish proof that regulatory approvals in the United States had been obtained by 31 January 1984 for the import of gas. The Board had previously twice extended this sunset provision for one year. In January 1986, applications were received for a further extension. The Board granted an extension to 28 February 1986, to allow it additional time to review the applications for extension. Subsequently, an extension to 31 January 1987 was approved.

Direct Purchases of Natural Gas

The Board has received a number of applications for interim and final orders under section 59(2) of the Act, directing TransCanada PipeLines Limited to transport volumes of gas purchased by various industrial gas users. Included in each application were requests for interim and final tolls that TransCanada may charge for providing the service. The following is a list of the applicants:

	Application Date
1. Cyanamid Canada Pipeline Inc.	3 October 1985
2. Nitrochem Inc.	2 December 1985
3. QNS Paper Company Limited	17 February 1986
4. Polysar Limited	20 February 1986

The applications by Cyanamid and Nitrochem for interim orders were approved by the Board. Disposition of the applications for final orders will not be made until after the Board releases its decision on the hearing on the availability of service on the TransCanada system. (RH-5-85)

(Refer also to item 2 under *Hearings in Progress or Adjourned*, dealing with the above-noted hearing, for a discussion of a related application by Gaz Métropolitain, inc.)

In a related matter, the Board advised Nitrochem in January that it considers the province of Saskatchewan to be a "producer-province" as defined in section 47 of the Energy Administration Act; consequently, Nitrochem would require Board approval under section 53(1) of the Energy Administration Act before any gas may be moved from that province.

Pan-Alberta Gas Ltd. - Licence GL-96

In December 1985, Pan-Alberta applied to increase the authorized maximum daily and annual quantities of natural gas exported under Licence GL-96. Interested parties were invited to comment on the issues raised by this application by 24 January 1986. The Board approved the application for a two-year period. The amendment to the licence was approved by Governor in Council on 27 February 1986 by P.C. 1986 - 461.

Import of Natural Gas

In January 1986, the Board approved an application by Union Gas Limited for a short-term import of natural gas from Yankee International Co. Although Union has, in previous years, imported gas to meet operating requirements, this is the first import application to be considered by the Board since the Agreement on Natural Gas Markets and Prices of 31 October 1985. Union was authorized to import up to 56.6 million cubic metres (2 billion cubic feet) of natural gas at

Windsor, Ontario, during the period 23 January 1986 to 30 April 1986.

West Kootenay Power and Light Company Limited. - (West Kootenay)

The Board has received an application dated 30 December 1985 from West Kootenay for an order pursuant to sections 11 and 12 of the NEB Act directing B.C. Hydro to comply with condition 6(c) of Licence EL-163. West Kootenay seeks to purchase some of the interruptible energy that B.C. Hydro is exporting. The Board has decided to proceed with this application by way of written submissions from West Kootenay and B.C. Hydro.

Apportionment of Space on Interprovincial and Trans Mountain Pipelines

In accordance with the Board's Reasons for Decision of July 1985 regarding apportionment of pipeline space on the Interprovincial pipeline, Interprovincial's Tariff No. 130 provides for parties to be assigned priority status by the Board for shipments to a particular destination. Six applications for priority status have been received: four, from Imperial Oil Limited, Shell Canada Limited, Gulf Canada Products Company and Texaco Canada Inc., for the shipment of petroleum products to destinations on the Prairies, one, from Texaco Canada Inc., for its shipments to Ontario and Quebec, and another, from Consumers' Cooperative Refineries Ltd., for shipments to its facilities in Regina, Saskatchewan. With the exception of the application by Consumers' Cooperative, which was granted priority status until February 1986, all of the applications were denied.

On 11 December 1985, the Board accepted for filing Tariff No. 29, Supplement No. 2, submitted by Trans Mountain Pipeline Company Ltd. The tariff set out the method by which pipeline space would be apportioned in the event that oil volumes tendered for shipment exceeded the available space. The tariff provides for ratable apportionment of the requested volumes, with the proviso that a shipper may be assigned priority status by the Board. In December 1985, Petro-Canada Inc. filed an application requesting priority status on Trans Mountain's pipeline for its shipments to Kamloops and Port Moody, British Columbia. Following the receipt of comments from interested parties, which were requested by 23 January 1986, Petro-Canada submitted its final comments on 5 February 1986.

Negative Salvage Value

A pipeline has a negative salvage value when the cost of its removal exceeds the salvage value generated

from the sale of the removed material for scrap or for use by others. On 30 September 1985, the Board issued a background paper on negative salvage value, addressing the environmental, engineering and financial problems that need to be considered before a pipeline is removed or abandoned.

At the same time the Board requested the views of industry and interested parties as to whether the negative salvage value of pipelines was an issue of concern at this time and, if so, what procedure the Board should use to obtain the views of all parties. The comments were requested by 25 November 1985.

In a letter to industry and interested parties, dated 19 February 1986, the Board indicated that it had decided to consider the subject on a case by case basis in any future toll hearings in which the negative salvage value of a pipeline is raised as an issue. In its letter, the Board also provided guidelines on the information it normally will require in future proceedings that deal with the issue.

Environmental Information Guidelines for Processing and Storage Facilities

All companies under the Board's jurisdiction were sent draft guidelines outlining the environmental information required to be provided in applications for gas plants and other facilities such as LPG, natural gas liquids and butane transfer plants. Following the receipt of comments from industry and interested parties on the draft Guidelines, a revised draft was discussed by industry and Board staff at a meeting held on 21 January 1986. The new guidelines have been issued for final comment, due 4 April 1986, prior to their being used, initially, on an interim basis.

Amendments to Rules of Practice and Procedure

In its continuing review of regulatory requirements, the Board has issued for comment two new revised parts of the Schedule to the Rules of Practice and Procedure:

1. Part III of the Schedule lists the information to be filed with an application for a certificate for an electric power line. Comments, which were requested by 15 October 1985, have been received and reviewed. The new Part III of the Schedule will be issued in the near future.
2. Part VI of the Schedule lists the environmental information to be filed with an application for a certificate or order for a pipeline. This new part was distributed with the document Environmental Information Guidelines for Processing and Storage Facilities on 3 September 1985. A subsequent draft was discussed at a meeting between industry and Board staff on 21 January 1986. Following

the receipt of final comments, requested by 4 April 1986, the revised part will be finalized and put into use.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations will replace and combine the existing Oil Pipeline Regulations and Gas Pipeline Regulations. These regulations provide for the safe design, construction and operation of onshore oil and gas pipelines. A second draft, which was issued in May 1985, requested that comments be submitted by 31 May 1985. A final draft was prepared, taking into account the comments received, and was reviewed by an industry task force at the end of November. Final comments were also received from other interested parties. The Board approved the Regulations in February 1986. They must be examined by the Department of Justice and approved by the Governor in Council before they become effective.

2. Offshore Pipeline Regulations

On 20 December 1984 the Board issued for comment the first draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA preliminary standard, "CSA Z187, Offshore Pipeline Standard", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties were invited to submit comments on these regulations by 15 April 1985. Following a meeting with industry representatives on 18 April 1985, an industry task force was established to review these regulations. Based on the results of this review, a further draft is being prepared which will be submitted in the future for final review by the task force and other interested parties.

3. Construction Cost and Financial Information Regulations

These new draft regulations, which list the information to be furnished by companies that construct and operate a pipeline, were issued for comment to pipeline companies under the Board's jurisdiction and to other interested parties in August 1985. Final comments, which were requested by 15 October 1985, have been received and are now under review.

4. Part VI Regulations

An amendment to Sections 24, 26, and 27, requiring the Board to specifically approve by order marine exports (including exports for re-import) from the west coast of Canada, of crude oil containing more than 0.9 percent sulphur, was approved by Governor in Council, P.C. 1985 - 3697 dated 19 December 1985. (This amendment was instigated as a result of incidents of odour emissions from terminal operations)

5. Energy Administration Act - Natural Gas Prices Regulations, 1981

Various amendments to prescribe the prices at which companies purchase Alberta gas outside that province for consumption in the domestic or export market include the following:

Company	Order-in-Council
1. Northridge Petroleum Marketing, Inc.	P.C. 1985-3698 dated 20 December 1985
2. Consolidated Natural Gas Limited	P.C. 1985-3699 dated 20 December 1985
3. Canadian Natural Gas Clearing House, Inc., and TransCanada PipeLines Limited	P.C. 1986-45 dated 10 January 1986
4. Canadian Natural Gas Clearing House, Inc., and Sulpetro Limited	P.C. 1986-187 dated 23 January 1986
5. TransCanada PipeLines Limited Northridge Petroleum Marketing Inc. Pan-Alberta Gas Ltd. Canadian Natural Gas Clearing House Inc. Consoligas Management Ltd.	P.C. 1986-467 dated 27 February 1986

Tariff Matters

1. Trans Mountain Pipe Line Company Ltd. (TMPL)

The Board approved, on an interim basis, a 10 percent increase in the tolls contained in Tariff No. 29, effective 1 January 1986 (TOI-4-85). TMPL filed a Class 3 toll adjustment application dated 28 February 1986 to replace its Class 2 application of 31 October 1985.

2. Interprovincial Pipe Line Limited. (IPL)

The Board approved new tolls effective 1 January 1986. The new tolls, contained in Tariffs NEB Nos. 133, 134, and 135, reflect the Board's decision on IPL's Class 2 toll application of 30 October 1985.

3. Trans Québec & Maritimes Pipeline Inc. (TQM)

The Board decided that the tolls established by Order TGI-1-85 would be interim effective 1 January 1986, and issued TGI-12-85.

4. TransCanada PipeLines Limited (TCPL)

The Board approved Order AO-1-TG-2-85 allowing TCPL to defer the increase in income taxes resulting from the recently increased Ontario corporate income tax rate. The disposition of the balance in the deferral account will be determined at the next TCPL toll hearing.

Pipeline Audit Reports Prepared by Board Staff

Since the last Regulatory Agenda, the following pipeline audit reports have been prepared by staff and are now available:

Company	Period
Trans Québec & Maritimes Pipeline Inc	1 Jan 84 - 31 Dec 84

Toll Application Procedures

On 20 June 1985, the Board issued revised toll application procedures for Interprovincial Pipe Line Limited, Trans Mountain Pipe Line Company Ltd. and Trans-Northern Pipelines Inc. The Board is continuing to review the procedures applicable to Cochin Pipe Lines Ltd.

Labour Canada

The Board is examining the matter of its administering Part IV of the Canada Labour Code, which deals with occupational health and safety matters. Several discussions have been held with Labour Canada, with a view to negotiating a Memorandum of Understanding.

Board Member and Staff Changes

Mr. R. Priddle assumed his new duties as Chairman on 10 January 1986, replacing Mr. C.G. Edge who retired. Mr. Priddle comes from the Department of Energy, Mines and Resources, where he was the Assistant Deputy Minister, Petroleum.

Miss S.K. Fraser became General Counsel on 2 January 1986, replacing Mr. F.H. Lamar, who retired.

Mr. J.R. Hardie and Mr. J.L. Trudel, Board Members will be leaving the Board, as their terms expire 8 and 25 March 1986, respectively.

Reports and Speeches

"Canada's Decontrol Process: Today's Hurdles and Tomorrow's Promises", notes for an address by A.D. Hunt, Associate Vice-Chairman, to the Crossborder Seminar on the U.S. Gas Market: 1986-1990, on 3 February 1986 in Calgary.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900)

The required number of copies of applications are listed in Appendix 1 to the Board's Regulatory Agenda No. 8. Copies of that Appendix are available on request.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. (The Board's publications and mailing lists are discussed in Information Bulletin No. 5).

For those already on the Board's mailing lists, please provide notification of any change of address. Please also inform the Secretary of any change in your telex or telecopy facilities or numbers.

NATIONAL ENERGY BOARD



J.S. Klenavic,
Secretary

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REGULATORY AGENDA

This document is also available in French.

Ce document est également publié en français.

Issue No. 17

1 June 1986

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Preface

The purpose of this quarterly Agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions and information on the status of ongoing proceedings.

The Board's regulatory responsibilities under the National Energy Board Act include the licensing of oil, natural gas and electricity exports, the certification of international power lines and interprovincial and international pipelines, and the setting of tolls and tariffs for such pipelines.

Under the Energy Administration Act, the Board administers the selling price of natural gas from a producing province for the use outside the province of production in domestic or export markets. The Board's responsibilities under the Northern Pipeline Act regarding the Canadian portion of the Alaska Natural Gas Transportation System relate mainly to financing, approval of pipe specifications, granting of leave to open orders, and regulation of the operation of the line.

Except where otherwise noted, jurisdiction over the items listed in the Agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1970, c.N-6. An Office Consolidation of the Act, dated March 1983, is available from the Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, K1A 0S9 (Price \$2.75; other countries \$3.30).

Hearing Matters

Recent Hearing Reports and Decisions

Since the 1 March 1986 edition of the Agenda, the following reports have been published by the Board as a result of public hearings:

1. Interprovincial Pipe Line Limited (Interprovincial) - In this application, Interprovincial requested approval to expand Lines 1 and 3 of its pipeline system between Regina, Saskatchewan, and Gretna, Manitoba to increase its pumping capacity. (OH-3-85)

The hearing was held 24 to 28 February 1986.

The Board's Reasons for Decision approving the application, were released on 1 May 1986. Certificate OC-37 was issued on 2 May following Governor in Council approval on 1 May 1986. (P.C. 1986-1059).

2. Omnibus Gas Export Hearing, Phase 1 - The Surplus Determination Procedures Phase (GH-2-85) - This hearing, to review the procedures the Board uses to determine the surplus of natural gas available for export, took place in Calgary, Alberta from 18 to 21 November 1985 and in Ottawa, Ontario from 2 to 19 December 1985.

The Board's Reasons for decision on Phase 1, dated April 1986, were released on 14 May.

The Board decided to adopt a new surplus determination procedure - the Reserves to Production Ratio Procedure - in place of the previous 25A1 Reserves Formula and Deliverability Appraisal.

The calculation of the maximum potential surplus in the Board's new procedure is based on maintaining a ratio of 15 between reserves and total annual production. The procedure incorporates estimates of annual additions to reserves, and forecasts of both Canadian demand and exports under existing authorizations.

The Board's new procedure also involves an assessment of future annual productive capacity year by year to ensure that the forecast total demand can, in fact, be met. This assessment, the Productive Capacity Check, differs from the Board's previous Deliverability Appraisal in that, as was suggested by parties at the hearing, it will carry forward any unused productive capacity from previous years.

As part of its new procedure, the Board will periodically conduct reviews of its supply and demand projections. In addition, the Board will be seeking the views of interested parties on the continuing appropriateness of the ratio of 15 between reserves and production when it considers future applications for natural gas export licences. The Board explained that it had chosen the ratio of 15 at this time in order to ensure a reasonable amount of spare productive capacity.

The Board stated that its new procedure should continue to ensure that Canadian requirements are met during and after any period of export, while providing greater opportunities for natural gas exports.

The Board decided to continue to determine surplus on a national basis rather than by region. It also decided that no changes were warranted at the present time in the treatment to be accorded frontier reserves, imports, border accommodation markets, and synthetic natural gas.

Phase 2 of the hearing in which the Board, using its new procedure, will determine the amount of surplus natural gas available for export, and Phase 3, which will deal with the allocation of any surplus among potential exporters, will not be scheduled until the Board receives natural gas export licence applications which require disposition.

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have already been completed.

1. Interprovincial Pipe Line Limited (Interprovincial) - This inquiry dealt with an accident that occurred on the Interprovincial pipeline system near Strome, Alberta in February 1985. (MH-2-85)

The inquiry was held in Edmonton, Alberta on 26 to 30 March and 22 to 24 October 1985. The Board's report is expected to be issued in June 1986.

2. TransCanada PipeLines Limited (TransCanada)- This inquiry dealt with an accident that occurred on the TransCanada right-of-way in Oshawa, Ontario in October 1985. (MH-1-86)

The inquiry was held on 15 to 18 April 1986 in Willowdale, Ontario. The Board's report will be issued in June 1986.

3. TransCanada PipeLines Limited (TransCanada)- Availability of Services - This public hearing was held in response to a request made in paragraph 7 of the 31 October 1985 Agreement on Natural Gas Markets and Prices between the federal government and the producing provinces. The Board considered concerns regarding the availability of services provided by TransCanada and the possibility of double demand charges resulting from volumes being displaced by direct sales. The Board also reviewed those aspects of the Board's September 1985 Reasons for Decision on TransCanada's tolls which are related to the above concerns. Also, in reviewing the availability of T-Service, the Board considered interested parties' views on the fair and equitable sharing of the TOPGAS carrying charges. (RH-5-85)

During the hearing the Board received an application from Gaz Métropolitain, inc. for an interim

order directing TransCanada to suspend the prorata provisions of its T-AOI toll schedule until the hearing decision is rendered. The Hearing Panel approved the application and issued order TGI-3-86.

The Board also received an application from Union Gas Limited for interim and final orders directing TransCanada to amend portions of its AOI and T-AOI toll schedules until the hearing decision is rendered. On 22 April 1986 the Hearing Panel denied the application.

The hearing began on 13 January 1986 in Ottawa and concluded on 16 April 1986 after 44 hearing days. The Board expects to release its report in June of 1986.

Hearings in Progress or Adjourned

1. Westcoast Transmission Company Limited (Westcoast) -
In this application, dated 1 December 1985, Westcoast applied for new tolls effective 1 January 1986. The hearing began on 4 March 1986 in Vancouver and has had sessions since 18 March 1986 in Ottawa. Final arguments will commence on 16 June 1986. (RH-6-85)

On 18 December 1985, the Board approved interim tolls, effective 1 January 1986, which Westcoast may charge until new tolls are approved by the Board.

On 9 April 1986, Westcoast submitted an application for a review and variation of Order No. TGI-10-85 to change the effective date for the commencement of the calculation of carrying costs on the Grizzly Valley Replacement Project deferral account. The application is being dealt with as part of this hearing on Westcoast's tolls. (Refer also to *Reviews*.)

2. Trans Mountain Pipe Line Company Ltd. (Trans Mountain) - 1986 Tolls - Trans Mountain's Class 3 application, dated 28 February 1986, was submitted as an amendment to its 31 October 1985 Class 2 application, requesting new tolls effective 1 January 1986. Interim tolls were established by the Board by Order No. TOI-4-85 dated 19 December 1985.

In the amendment to its application, Trans Mountain requested the Board to dispense with a public hearing. In Hearing Order RH-1-86, the Board requested the views of interested parties on whether a public hearing on all issues, or a hearing limited to particular issues, is required. (RH-1-86)

On 15 May, the Board decided to proceed by way of written submission (AO-1-RH-1-86)

Hearings Scheduled

The following public hearings are scheduled to commence on the dates indicated:

1. TransCanada PipeLines Limited - (TransCanada) - 1986 Tolls - In an application dated 21 February 1986, TransCanada requested new tolls to become effective 1 November 1986 with interim tolls effective 1 August 1986. By letter dated 24 March 1986, the Board requested the views of TransCanada and interested parties on the alternative of leaving existing tolls in effect at least until 31 December 1986.

On 8 May 1986, the Board decided to hold a public hearing in the fall of 1986 for new tolls effective 1 January 1987, based on a calendar 1987 test year. The existing tolls were made interim effective 1 August 1986, for final disposition following the toll hearing.

2. Trans Québec & Maritimes Pipeline Inc. (TQM) - 1986 Tolls - In an application dated 28 February 1986, TQM requested new tolls to become effective 1 January 1986. On 19 December 1985, by Order No. TGI-12-85, the Board authorized interim tolls to be charged by TQM beginning 1 January 1986.

TQM's application suggested that the Board proceed by way of written submission and that the Board should only hold an oral hearing on matters it found not to be just and reasonable. By Hearing Order RH-2-86, the Board directed that it will hold an oral hearing to commence 8 July 1986 on rate of return and will hear oral argument on all issues. The order also invited interested parties to identify other issues and their preference for dealing with them by written submission or oral hearing. (RH-2-86)

On 7 May 1986, the Board issued Order AO-1-RH-2-86, confirming that rate of return issues would be dealt with at the oral portion of the hearing and that the other issues would be considered via written submission.

3. Petro-Canada Inc. (Petro-Canada) - Long-Term Gas Export - On 21 April 1986, Petro-Canada filed an application for a licence to export to the United States some 212.5 million cubic metres of natural gas per year (7.5 Bcf), totalling 3.19 billion cubic metres (112.5 Bcf) during, initially, a 15-year period beginning July 1986. (GH-1-86)

The hearing will begin on 17 June 1986 in the Calgary Convention Centre, in Calgary, Alberta.

Applications Filed - No Dates Set for Hearing

The following applications, available for examination in the Board's library in Ottawa and in its Calgary office, have been filed with the Board, but dates have not yet been set for their hearing:

Applicant	Date of Application	Application
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral (dormant at the request of the applicant)
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta and Beaufort Sea (application incomplete).
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System (CAN-AM Project). (The proponents of the associated American facilities have withdrawn from the project. The application is expected to be refiled sometime in the future.)
4. TransCanada PipeLines Limited	29 March 1985 Rev: 14 June 1985	Certificate for additional gas pipeline facilities for exports at Niagara Falls (TransNiagara Project).
5. Mobil Oil Canada Ltd. Petro-Canada Inc Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to U.S. (Venture Project). (applications incomplete)
6. Various industrial gas purchasers	from October 1985	Orders to effect the direct purchase of western Canadian gas for use in Ontario
7. Alberta & Southern Company Ltd	3 December 1985	Export of Natural Gas to U.S.
8. Hydro-Québec	16 December 1985	Export of electricity to New England (NEPOOL II)
9. Sulpetro Limited	14 April 1986	Amendment to Licence GL-82 to extend the term and increase the quantities authorized for export

On the Horizon

In addition to the applications which have already been filed with the Board, it is possible that the following major matters will be considered by the Board:

Company	Description
1. Shell Canada Resources Ltd./ Montreal Pipe Line Limited	Conversion and reversal of part of one line of Portland-Montreal oil pipeline to transport and export natural gas
2. TransAlta Utilities Corporation	Export of electricity via B.C. Hydro's facilities.
3. Manitoba Hydro	Exports of electricity
4. Sable Gas Systems Limited	Offshore and Onshore Pipeline Facilities
5. SOQUIP/Interprovincial Pipe Line Limited	Conversion of a portion of Interprovincial's system to transport natural gas liquids to Quebec
6. Foothills Pipe Lines (Yukon) Ltd.	Tolls for short-term and interruptible service for natural gas
7. TransCanada PipeLines Limited	Pipeline facilities to export gas at Iroquois, near Morrisburg, Ontario
8. Interprovincial Pipe Line Limited	Tolls for NGL mix transported by Cochin Pipe Lines Ltd.

Non-hearing Matters

The Board has before it a number of applications that do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, and to authorize toll adjustments.

Reviews

1. Hydro-Québec

In an application dated 10 April 1986 under Section 17 of the Act, Hydro-Québec has requested the Board to review its decision of November 1985 and to modify Licence EL-173. The Board's decision authorized Hydro-Québec to export firm power and energy and assured secondary energy to Citizens' Utilities Company in Vermont. After considering the submissions of Hydro Québec and interested parties, the Board denied the application for review.

2. Westcoast Transmission Company Limited (Westcoast)

On 9 April 1986, Westcoast submitted an application for a review and variation of Order No. TGI-10-85 to change the effective date for the commencement of the calculation of carrying costs on the Grizzly Valley Replacement Project deferral account. On 21 April 1986, the Board decided that this application will be dealt with by the Hearing Panel designated to consider Westcoast's 1986 toll application dated 1 December 1985 under Order No. RH-6-85. (Refer also to *Hearings in Progress*.)

3. Polysar Hydrocarbons Limited (Polysar)

By application dated 22 April 1986, the Chipewas of Sarnia Band (the Indian Band) requested the Board to rescind Order No. XO-1-86, authorizing Polysar to install two kilometres of new pipe, part of a 12-kilometre pipeline extending from the Consumers Power gas reforming plant in Marysville, Michigan to the Petrosar Limited petrochemical refinery in Corunna, Ontario. The Indian Band's application also requested the Board to issue various orders, including one to temporarily stay the effect of Order No XO-1-86 and one to call a public hearing.

On 1 May 1986, the Board decided that the interim stay was not warranted at this time. Before dealing with the remainder of the application, it decided to seek the views of interested parties. (Refer also to *Appeals*.)

Appeals

1. Interprovincial Pipe Line Limited (IPL)/Flamborough Residents Against Propane (FRAP)

On 7 February 1986, the Board received notice that the Flamborough Residents against Propane (FRAP) had filed with the Federal Court of Appeal an application for leave to appeal and an application to extend the time for filing an application pursuant to Section 28 of the Federal Court Act in the matter of the Board's December 1985 decision on the location of propane terminal facilities in the Flamborough, Ontario area. On 2 April 1986, the Federal Court of Appeal granted the requested leave to appeal on two questions and denied the leave request for an extension of time in respect of the Section 28 application. (Refer also to *Awarding of Costs*.)

2. Cochin Pipe Lines Ltd./Dome Petroleum Limited

In March 1986, the Board received notice that the following applications had been filed with the Federal Court of Appeal:

- i) by Dome Petroleum Limited, for leave to appeal and for a review and setting aside of the Board's decision under section 28 of the Federal Court Act, and
- ii) by the Province of Ontario, for leave to appeal.

The applications relate to the Board's January 1986 decision that it has jurisdiction over a portion of the facilities at Windsor, Ontario, namely certain storage caverns, dehydration facilities, and connecting pipelines owned by the Ethane Shippers, Joint Venture.

The applications for leave to appeal were heard by the Federal Court of Appeal on 27 May 1986 in Ottawa, Ontario. The court granted leave on the question of whether the Board erred in law or jurisdiction in finding that the facilities in question fall under federal jurisdiction.

3. Polysar Hydrocarbons Limited (Polysar)/Chipewas of Sarnia Band

In May, the Board received notice that the Chipewas of Sarnia Band had filed with the Federal Court of Appeal an application for leave to appeal the Board's decision of April 1986, authorizing Polysar to install 2 kilometres of pipe, part of a 12 kilometre pipeline extending from the Consumers Power gas reforming plant in Marysville, Michigan to the Petrosar Limited petrochemical refinery in Corunna, Ontario. (Refer also to *Reviews*.)

Awarding of Costs

During the course of the hearing on the review of the Board's decision to permit Interprovincial Pipe Line Limited (IPL) to locate propane terminal facilities in the Flam'borough area (Refer also to *Appeals*), several parties asked that the Board make an award of costs, payable by IPL, in their favour.

By letter dated 17 October 1985, the Board referred to the Federal Court of Appeal the question of the Board's jurisdiction to award costs in this hearing. The matter was heard by the Federal Court of Appeal on 30 April 1986. The Court reserved its decision.

Energy Supply/Demand Update

The Board last published its projections of Canadian energy supply and demand in September 1984 in a staff report entitled *Canadian Energy Supply and Demand: 1983 - 2005*.

Board staff are currently updating this information, separate from any of the Board's current or anticipated regulatory proceedings. It is expected that the staff's report will be published in the fall of 1986.

Negotiated Gas Export Prices

As a result of policies announced in 1984, and amended in 1985, companies may negotiate natural gas export prices if they meet certain criteria. Applications may be of two types: for short term export orders or for amendments to existing licences. The Board may hold a public hearing on any application, if warranted.

A table listing the status of applications for short-term gas exports and changes to long-term licences, re-

ceived since the last Regulatory Agenda or pending at that time, is available from the Board's Information Services.

The Board's 12 February 1986 Memorandum of Guidance to potential applicants contains a provision that, to protect the market position of applicants, the Board will treat short-term contract filings as confidential for a period of at least 90 days from the date of issue of the approving order. In March, the Board amended the Memorandum of Guidance to extend the confidentiality provision to the commodity charge component for certain designated blocks of gas exported pursuant to long-term licences, to allow those blocks of gas to compete in the American spot gas or interruptible market.

Cease and Desist Orders re Natural Gas Exports

In orders issued on May 28, the Board directed Northridge Petroleum Marketing, Inc., Czar Resources Ltd. and Diamond Shamrock Exploration of Canada, Ltd. to suspend exports of natural gas to the United States under short-term orders at prices below the domestic prices prevailing in the region where the export takes place. Under the current natural gas export pricing policy a price lower than the price charged to Canadians for similar types of service in the area or zone adjacent to the point of export is not acceptable.

By letter dated May 30, the Board denied an application by Czar Resources Ltd. for an export price that would have been below the existing border reference price for short-term exports of natural gas.

Direct Purchases of Natural Gas

The Board has received a number of applications for interim and final orders under section 59(2) of the Act, directing TransCanada PipeLines Limited to transport volumes of gas purchased by various industrial gas users. Included in the applications were requests for interim and final tolls that TransCanada may charge for providing the service. The following is a list of the applicants:

	Application Date	Interim Order No.	Date of Order
1. Cyanamid Canada Pipeline Inc.	3 Oct. 85	TGI-9-85	5 Dec. 85
2. Nitrochem Inc.	2 Dec. 85	TGI-1-86	23 Jan. 86
3. QNS Paper Company Limited	17 Feb. 86	TGI-5-86	13 Mar. 86
4. Polysar Limited	20 Feb. 86	TGI-6-86	25 Mar. 86
5. Canadian Gypsum Company Limited	26 Feb. 86	TGI-7-86	16 Apr. 86
6. Brenda Marketing Inc.	21 Mar. 86	TGI-12-86	13 May 86
7. Domtar Inc.	26 Mar. 86	TGI-9-86	1 May 86

So far, the Board has approved interim orders as shown above. Disposition of the applications for final orders will not be made until after the Board releases its decision on the hearing on the availability of service on the TransCanada system. (RH-5-85)

(Refer also to item 3 under *Hearing Decisions Pending*, dealing with the above-noted hearing, for a discussion of a related application by Gaz Métropolitain, inc.)

In a related matter, the Board in January 1986 received from Ocelot Industries Ltd. an application for an order pursuant to Section 59(3) of the Act requiring TransCanada to provide temporary and permanent facilities to receive gas at Liebenthal, Saskatchewan. That gas would supply Nitrochem, QNS Paper, Polysar and Domtar. In March, the Board approved Ocelot's application for interim facilities, and TransCanada filed an application to construct the temporary inter-connecting facilities. That application was approved by the Board on 16 April 1986. Ocelot's application for permanent facilities will be decided after the Board releases its decision on the hearing on the availability of service on the TransCanada system. (RH-5-85)

ProGas Limited — Consolidation and Amendment of Licences

On 26 March 1986, ProGas Limited applied for the following:

- to consolidate its gas export licences GL-56 and GL-79, and
- to vary the daily and annual quantities permitted by the consolidated licences (GL-56 and GL-79), shifting quantities authorized for export but not exported in the early years of the licence to later years, with no change in the term quantities of the licence.

On 10 April, ProGas reapplied, requesting the same licence consolidation as above and requesting an amendment to the pricing conditions of the consolidated licence (GL-56 and GL-79) and of licences GL-80 and GL-81. ProGas indicated it would refile or amend its previous application upon the Board's decision on the new application.

The Board expects to deal with the application in the near future.

West Kootenay Power and Light Company Limited. — (West Kootenay)

The Board has received an application dated 30 December 1985 from West Kootenay for an order pursuant to sections 11 and 12 of the NEB Act direct-

ing B.C. Hydro to comply with condition 6(c) of Licence EL-163. That condition requires B.C. Hydro to offer to West Kootenay any power and energy destined for export under the same terms and conditions, including price, as that of the export. On 20 March 1986, the Board approved the application and issued Order No. MO-49-85, directing B.C. Hydro to comply with the licence condition.

Apportionment of Space on Trans Mountain Pipeline

Tariff No. 29 sets out the method by which Trans Mountain would apportion pipeline space in the event that oil volumes tendered for shipment exceeded the available space. The tariff provides for ratable apportionment of the requested volumes, with the proviso that a shipper may be assigned priority status by the Board. In December 1985, Petro-Canada Inc. filed an application requesting priority status on Trans Mountain's pipeline for its shipments to Kamloops and Port Moody, British Columbia. Following the receipt of comments from interested parties, the Board denied Petro-Canada's application.

Concerned Citizens of Haldimand (Citizens' Group)

On 20 March 1986, the Citizens' Group filed an application requesting certain orders with respect to pipeline facilities proposed to be constructed by The Consumers' Gas Company Limited near Cobourg, Ontario. Consumers' had filed an application with the Ontario Energy Board for approval of these facilities. The Citizens' Group wished the Board to determine that the facilities in question were under the Board's jurisdiction, and asked the Board to issue an order prohibiting Consumers' from proceeding with the application before the Ontario Energy Board.

On 15 April 1986, the Board issued a letter to the Citizens' Group, stating that it was premature to issue an order prohibiting Consumers' from proceeding with its application before the Ontario Energy Board; at the same time, the Board issued letters to Consumers' and TransCanada PipeLines Limited, Consumers' supplier, asking for information on Consumers' application, in order to assist the Board in assessing the jurisdictional question. Upon receipt of that information, the Board decided to proceed to consider the application by way of written submissions.

TransCanada PipeLines Limited - Niagara Line (TransCanada)

In March 1986, TransCanada submitted an application to construct additional facilities on its Niagara Line to accommodate increased exports of natural

gas to Boundary Gas Inc., Tennessee Gas Pipe Line Company, and Kanngaz Producers Ltd. These exports comprise a portion of the volumes licenced by the Board in 1983 as a result of the Omnibus Gas Export Hearing. The new facilities would comprise a pipeline loop and compression and metering equipment, costing approximately \$10.2 million.

In April, the Board sought the views of interested parties on the application and comments were received on 16 May 1986. The Board issued a request for further information from TransCanada and a reply was received on 23 May 1986. Comments from TransCanada on interested parties' views are expected in the near future.

Westcoast Transmission Company Limited (Westcoast) — Sikanni Pipeline

On 15 April 1986, the Board received an application from Westcoast to build the 35-kilometre Sikanni Pipeline, a meter station, and related facilities. The proposed pipeline would be located in the Pink Mountain area between Fort Nelson and Fort St. John in British Columbia at a cost of \$8.7 million.

Westcoast is to submit additional information by 30 May 1986.

Environmental Information Guidelines for Processing and Storage Facilities

All companies under the Board's jurisdiction were sent draft guidelines outlining the environmental information required to be provided in applications for gas plants and other facilities such as LPG, natural gas liquids and butane transfer plants. Following the receipt of comments from industry and interested parties on the draft Guidelines, a revised draft was discussed by industry and Board staff at a meeting held on 21 January 1986. The new guidelines were issued for final comment, due 30 April 1986.

Amendments to Rules of Practice and Procedure

In its continuing review of regulatory requirements, the Board issued on 5 May 1986 a new revised Part III of the Schedule to the Rules of Practice and Procedure. Part III of the Schedule lists the information to be filed with an application for a certificate for an international electric power line.

In addition, the Board expects to issue in June a revised Part VI of the Schedule. Part VI of the Schedule lists the environmental information to be filed with an application for a certificate or order for a pipeline. This new part was distributed with the document Environmental Information Guidelines for Processing and Storage Facilities on 3 September 1985. A subse-

quent draft was discussed at a meeting between industry and Board staff on 21 January 1986. Final comments which were requested by 30 April 1986 were received.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations will replace and combine the existing Oil Pipeline Regulations and Gas Pipeline Regulations. These regulations provide for the safe design, construction and operation of onshore oil and gas pipelines. The Board approved the Regulations in February 1986. They must be examined by the Department of Justice and approved by the Governor in Council before they become effective.

2. Offshore Pipeline Regulations

On 20 December 1984 the Board issued for comment the first draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA preliminary standard, "CSA Z187, Offshore Pipeline Standard", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties were invited to submit comments on these regulations by 15 April 1985. Following a meeting with industry representatives on 18 April 1985, an industry task force was established to review these regulations. Based on the results of this review, a further draft is being prepared which will be submitted in the future for final review by the task force and other interested parties.

3. Construction Cost and Financial Information Regulations

These new draft regulations, which list the information to be furnished by companies that construct and operate a pipeline, were issued for comment to pipeline companies under the Board's jurisdiction and to other interested parties in August 1985. Final comments are now under review.

4. Energy Administration Act - Natural Gas Prices Regulations, 1981

Various amendments to prescribe the prices at which companies purchase Alberta gas outside that province for consumption in the domestic or export market include the following:

Company	Order-in-Council
(a) Alberta & Southern Gas Co. Ltd.	P.C. 1986-388 dated 13 February 1986
(b) TransCanada PipeLines Limited	P.C. 1986-432 dated 13 February 1986
(c) TransCanada PipeLines Limited	P.C. 1986-545 dated 6 March 1986
(d) TransCanada PipeLines Limited	P.C. 1986-546 dated 6 March 1986
(e) TransCanada PipeLines Limited Canadian Natural Gas Clearing House Inc., and Cyanamid Canada Inc.	P.C. 1986-571 dated 6 March 1986
(f) Northridge Petroleum Marketing Inc. Sulpetro Limited, ConsoliGas Management Ltd., TransCanada PipeLines Limited, and Canterra Energy Ltd.	P.C. 1986-676 dated 20 March 1986
(g) Pan-Alberta Gas Ltd., Ocelot Industries Ltd., Ontario Paper Company, TransCanada PipeLines Limited, and NATGAS CANADA INC.	P.C. 1986-831 dated 10 April 1986
(h) TransCanada PipeLines Limited, and Canadian Gypsum Co.	P.C. 1986-1082 dated 1 May 1986
(i) Canadian Natural Gas Clearing House Inc., Northridge Petroleum Marketing Inc., TransCanada PipeLine Limited and Polysar Limited	P.C. 1986-1081 dated 1 May 1986
(j) Ocelot Consoligas Management Ltd TransCanada PipeLines Limited Pan-Alberta Gas Ltd. Pan-Saskatchewan Gas Ltd. TransCanada Pipelines Limited	P.C. 1986-1099 dated 8 May 1986
(k) Pan-Alberta Gas Ltd. TransCanada PipeLines Petro-Canada Inc.	P.C. 1986-1194 dated 22 May 1986

5. Energy Administration Act — Saskatchewan Natural Gas Prices Regulations

These new regulations prescribe the price at which companies purchase Saskatchewan gas outside that province for consumption in the domestic or export market. These regulations resulted from the Board's approval of an application dated 17 February 1986 by QNS Paper Company Limited for orders permitting the direct purchase of natural gas. The new regulations were approved by Governor in Council (P.C. 1986-732 dated 26 March 1986.)

These regulations were amended to prescribe the price at which:

- Ontario Paper Company sells Saskatchewan gas outside Saskatchewan (P.C. 1986-732 dated 26 March 1986)
- Polysar Limited sells Saskatchewan gas to Union Gas Limited (P.C. 1986-1080 dated 1 May 1986.)

6. Gas Export Prices Regulations

- (a) An amendment to remove the exports by TransCanada PipeLines Limited to Great Lakes Gas Transmission Company for resale to Michigan Consolidated Gas Company under Licences GL-20 and GL-37 from the Volume-Related Incentive Pricing Program.
- (b) An amendment to remove the exports by ProGas Limited under Licence GL-80 and by TransCanada PipeLines Limited under Licence GL-88 from the Volume-Related Incentive Pricing program.

Tariff Matters

Interprovincial Pipe Line (NW) Ltd.

The Board approved new provisional tolls effective 1 April 1986 to reflect the addition of Petrosar Limited as a shipper on Interprovincial's Norman Wells pipeline. The new tolls are set out in NEB Tariff No. 6.

Pipeline Audit Reports Prepared by Board Staff

Since the last Regulatory Agenda, the following pipeline audit report has been prepared by staff and is now available:

Company	Period
Trans Mountain Pipe Line Company Ltd.	1 Jan 84 - 31 Dec 84.

Toll Application Procedures

On 20 June 1985, the Board issued toll orders, revising the toll application procedures for Interprovincial Pipe Line Limited (TO-4-85), Trans Mountain Pipe Line Company Ltd. (TO-5-85), and Trans-Northern Pipelines Inc. (TO-6-85). On 26 March 1986, the Board decided that Cochin Pipe Lines Ltd. will be regulated as a Group 1 company, but with its tolls regulated on a complaint basis. Cochin is required to prepare its financial reports to the Board in a manner consistent with generally accepted accounting principles and the Board's Oil Pipeline Uniform Accounting Regulations.

Board Member Changes

Mr. W.A. Scotland, Associate Vice Chairman, is leaving the Board effective 10 June 1986.

Mr. R.B. Horner's term as a Board Member was extended until 7 November 1986.

Mr. A.B. Gilmour's term as a Temporary Board Member was extended until 30 September 1986.

Standing Panels

The Board's 1985 Annual Report includes a description of the powers and duties of the various standing panels of the Board and lists the membership of each. On 1 April 1986 the memberships were changed to the following:

Panel	Members (first-named is Panel Chairman)	Alternate Member
Oil	W.A. Scotland, R.F. Brooks, J. Farmer	L.M. Thur
Gas	A.D. Hunt, R.B. Horner, A.B. Gilmour	R.F. Brooks
Electrical	L.M. Thur, W.A. Scotland, W.G. Stewart	J.R. Jenkins
Pipeline	J.R. Jenkins, R.B. Horner, A.B. Gilmour	A.D. Hunt
Financial Regulatory	W.G. Stewart, J. Farmer, J.R. Jenkins	L.M. Thur

The Chairman of the Board is an *ex-officio* member of all panels.

Reports and Speeches

1. "Energy Demand in the 1990s and Beyond, — Quebec and Atlantic Provinces", an address by R. Priddle, Chairman, to the Northeast International Committee on Energy, on 10 April 1986 in Quebec.
2. The Board's 1985 Annual Report was tabled in Parliament on 25 April 1986. The Report summarizes the Board's functions, responsibilities, and activities during the 1985 calendar year. The appendices provide statistical data on energy exports and imports.
3. "Canadian Energy Policy and Economic Development: A Long-Range Overview", notes for an address by R.F. Brooks, Vice-Chairman, to the Ninth Canadian National Energy Forum, on 5 May 1986 in Toronto.
4. "Economy - Can We Afford It? A Canadian Regulator's Perspective", an address by L.M. Thur, Associate Vice-Chairman, to the General Meeting of the North American Electric Reliability Council on 21 May 1986 in King of Prussia, Pennsylvania.
5. "Canadian Electric Utilities: Analysis of Generation and Trends, 1984", released on 30 May 1986. This publication provides data on electric utility generation, fuel consumption, and fuel cost in 1984.

Information Bulletins

Since September 1983, the Board has published a series of Information Bulletins describing its activities and procedures. Information Bulletin No. 10, *Pipeline Tolls and Tariffs: A Compendium of Terms*, is the latest in this series. Issued in May, 1986, it provides general explanations of the terms commonly used in the regulation of pipeline tolls and tariffs under Part IV of the National Energy Board Act.

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers, is attached.

Instructions for Filing

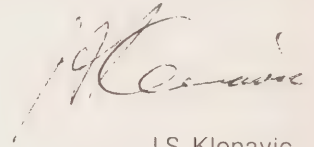
All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900). The required number of copies of applications is listed in Appendix 1 to the Board's Regulatory Agenda No. 8. Copies of that Appendix are available on request.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. (The Board's publications and mailing lists are discussed in Information Bulletin No. 5).

For those already on the Board's mailing lists, please provide notification of any change of address. Please also inform the Secretary of any change in your telex or telecopy facilities or numbers.

NATIONAL ENERGY BOARD



J.S. Klenavic,
Secretary

For information, please contact:
Ms. Gaétane Courchesne
Information Services
(613) 998-7192

NATIONAL ENERGY BOARD

Selected List of Telephone Numbers

BOARD MEMBERS

Chairman	R. Priddle	990-3454
Vice-Chairman	R.F. Brooks	990-3462
Assoc. Vice-Chairman	L.M. Thur	993-6124
Assoc. Vice-Chairman	W.A. Scotland	990-3264
Assoc. Vice-Chairman	A.D. Hunt	990-3466
Member	J. Farmer	990-3469
Member	J.R. Jenkins	990-3460
Member	R.B. Horner	990-3459
Member	W.G. Stewart	990-3470
Temporary Member	A.B. Gilmour	990-3312

EXECUTIVE DIRECTOR

Executive Director	R. St. G. Stephens	998-7190
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Office of the Secretary

Secretary	J.S. Klenavic	990-3167
Asst. Secretary Regulatory	G.A. Laing	998-7195
A/Asst. Secretary, Communications	Ms. N. Park	998-7193
Information Services		998-7192
Asst. Director, Administrative Support	T.W. Miles	990-5841
A/Manager, Library	Ms. J. Kralik	990-6221
Board Distribution Centre (Room 1032)		998-7204

Information Technology Branch

Director	D. Emmens	998-7974
Asst. Director, Operations	Y. Bellefeuille	998-7976
Asst. Director, Professional Services	K.E. Begley	998-7977
Asst. Director, Systems Integration	J. Outrata	998-7985

Finance Branch

A/Director	W.A. Ganim	990-6523
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Personnel Branch

Director	J. Thompson	993-4823
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Energy Regulation Directorate

Director General, Energy Regulation	P.L. Miles	998-7929
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Economics Branch

Director	M. Segal	998-9378
Asst. Director, Forecasting and Energy Market Analysis	E. Ruddick	998-7936
Asst. Director, Regulatory Economics and Energy Statistics	J. Oh	998-2323
Asst. Director, Economic Analysis Group	R. Jackson Jr.	998-7213

Energy Supply Branch

Director	W.A. Hiles	998-7952
Asst. Director, Geology and Reserves	E. Kutney	998-7955
Asst. Director, Oil & Alternative Energy Supply	G.C. Hos	998-7921
Asst. Director, Gas Supply	K. Poole	998-7954

Electric power Branch

Director	A.N. Karas	990-0329
Asst. Director, Operations	(vacant)	990-0334
A/Asst. Director, Planning	W.H. Correll	990-0335

Gas Branch

Director	S.R. Ironstone	990-1597
Asst. Director, Gas Industry & Market Analysis	A.L. Browne	990-6845
Asst. Director, Gas Regulations & Licences	R.S. Green	990-6844

Oil Branch

Director	R.M. White	990-6235
Asst. Director, Evaluation	B.P. Leakey	990-6240
A/Asst. Director Operations	B.A. Wells	990-6238

Pipeline Regulation Directorate

Director General, Pipeline Regulation	K.W. Vollman	990-3314
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Environment and Right of Way Branch

Director	P.A. Carr	998-7179
Asst. Director, Environment	J.A. Hodges	998-7181
Asst. Director, Right-of-Way	G.E. Marquardt	998-7154

**Pipelines Engineering
Operations Branch**

Director	E.L.M. Gordon	998-7160
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A/Asst. Director, Engineering	F.S. Jeglic	998-7131
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Asst. Director, Construction and Operations	G. Byrtus	998-7123
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Financial Regulatory Branch

Director	H. Pau	990-3188
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Asst. Director	G.S. Johnson	990-3191
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Asst. Director	C.M. Yeates	990-3190
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Law Branch

General Counsel	S.K. Fraser	990-6224
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Counsel	L. Meagher	990-6232
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Counsel	D. Tremblay	990-6228
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Counsel	J. Morel	990-6229
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Counsel	L. Keough	990-6231
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Counsel	H. Soudek	990-6226
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Counsel	R. Graw	990-3488
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REGULATORY AGENDA

This document is also available in French.

Ce document est également publié en français.

Issue No. 18

1 September 1986

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Preface

The purpose of this quarterly Agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions and information on the status of ongoing proceedings.

The Board's regulatory responsibilities under the National Energy Board Act include the licensing of oil, natural gas and electricity exports, the certification of international power lines and interprovincial and international pipelines, and the setting of tolls and tariffs for such pipelines.

Under the Energy Administration Act, the Board administers the selling price of natural gas from a producing province for use outside the province of production in domestic or export markets. The Board's responsibilities under the Northern Pipeline Act regarding the Canadian portion of the Alaska Natural Gas Transportation System relate mainly to financing, approval of pipe specifications, granting of leave to open orders, and regulation of the operation of the line.

Except where otherwise noted, jurisdiction over the items listed in the Agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1970, c.N-6. An Office Consolidation of the Act, dated March 1983, is available from the Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, K1A 0S9 (Price \$2.75; other countries \$3.30).

Hearing Matters

Recent Hearing Reports and Decisions

Since the 1 June 1986 edition of the Agenda, the following reports have been published by the Board as a result of public hearings:

1. TransCanada PipeLines Limited (TransCanada)

A public hearing on the availability of services provided by TransCanada (RH-5-85) was held in response to a request made in paragraph 7 of the 31 October 1985 Agreement on Natural Gas Markets and Prices between the federal government and the producing provinces.

The hearing began on 13 January 1986 in Ottawa and concluded on 17 April 1986 after 44 hearing days. The Board's Reasons for Decision, dated May 1986, were released on 17 June. (Refer also to *Appeals*.)

2. TransCanada PipeLines Limited (TransCanada)

Reasons for Decision dated May 1986, released on 25 June. The report pertains to an accident that occurred on the TransCanada right-of-way north of Oshawa, Ontario in October 1985. An inquiry was held from 15 to 18 April 1986 in Willowdale, Ontario.

As a result of the inquiry, the Board instructed TransCanada to examine certain matters pertaining to its practices and procedures on pipeline crossings and to report its findings to the Board by 29 August 1986. In addition, the Board is reviewing its own regulations in respect of pipeline crossings. (See *Third Party Crossings*.)

3. Interprovincial Pipe Line Limited (Interprovincial)

Reasons for Decision dated June 1986, released on 23 July. The report deals with an accident that occurred on the Interprovincial pipeline system near Camrose, Alberta in February 1985. An inquiry was held in Edmonton, Alberta from 26 to 30 March and 22 to 24 October 1985.

The Board has reviewed the recommendations contained in the report and is taking steps to implement them. (Refer to *Interprovincial Accident Recommendations*.)

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have already been completed.

1. Westcoast Transmission Company Limited (Westcoast)

Application dated 1 December 1985 for new tolls effective 1 January 1986. The hearing began on 4 March 1986 in Vancouver and concluded on 20 June 1986 in Ottawa. (RH-6-85)

On 18 December 1985, by Order TGI-10-85, the Board approved interim tolls effective 1 January 1986, which Westcoast may charge until new tolls are approved by the Board.

On 9 April 1986, Westcoast submitted an application for a review and variation of Order TGI-10-85 to change the effective date for the commencement of the calculation of carrying costs on the Grizzly Valley Replacement Project deferral account. The application was dealt with as part of this hearing on Westcoast's tolls. (Refer also to *Reviews*.)

The Board's report is expected to be issued in September 1986.

2. Trans Mountain Pipe Line Company Ltd. (Trans Mountain)

Application dated 28 February 1986 for new tolls effective 1 January 1986. The interim tolls which Trans Mountain may charge until new tolls are approved by the Board are set out in Orders TOI-4-85 and AO-1-TOI-4-85.

By Hearing Order RH-1-86, dated 15 May 1986, the Board sought the views of interested parties on whether a hearing on all issues or on particular issues was required. On 15 May, the Board decided to proceed by way of written submissions. (AO-1-RH-1-86)

The Board expects to release its report early in the fall.

3. Trans Québec & Maritimes Pipeline Inc. (TQM)

Application for new tolls dated 28 February 1986. On 19 December 1985, by Order TGI-12-85, the Board authorized interim tolls to be charged by TQM beginning 1 January 1986.

By Hearing Order RH-2-86, dated 7 April 1986, the Board directed that it would hold an oral hearing commencing 8 July 1986 on rate of return and would hear argument and rebuttal argument on all issues. The order invited parties to identify issues other than rate of return and their preference for dealing with them by written submission or oral hearing.

On 7 May 1986, the Board issued Order AO-1-RH-2-86, confirming that rate of return issues would be dealt with at the oral portion of the hearing and that the other issues would be considered by means of written submissions.

The oral hearing was held in Ottawa from 8 to 11 July 1986. The Board's decision is expected to be issued in September 1986.

Hearings in Progress or Cancelled

1. Petro-Canada Inc. (Petro-Canada)

This application, dated 21 April 1986, requested a licence to export natural gas to California. A hearing on the application was scheduled to begin in Calgary on 17 June 1986. (GH-1-86)

By letter dated 10 June, Petro-Canada notified the Board that it was still finalizing commercial arrangements and, as a consequence, its original application may be substantially altered. The hearing was cancelled on 12 June 1986.

2. Cyanamid Canada Pipeline Inc. (Cyanamid)

Application to construct and operate a six-kilometre pipeline in Southern Ontario and to interconnect it with that of TransCanada PipeLines Ltd.

A hearing on this application and the matter of jurisdiction over the proposed pipeline began on 25 August 1986 in Ottawa. (GH-3-86)

Hearings Scheduled

The following public hearings are scheduled to commence on the dates indicated:

1. ProGas Limited (ProGas) and Alberta and Southern Gas Co. Ltd. (Alberta and Southern)

In its application, dated 26 March 1986 as amended 26 May 1986, ProGas applied to consolidate its gas export licences GL-56 and GL-79, to extend the term of its exports from 1989 to 1994, and to increase the daily and annual quantities authorized for export.

On 26 June 1986, the Board approved consolidated Licence GL-98 which replaces the company's two prior licences. A hearing on the remainder of the application will begin in Calgary on 23 September 1986. (GH-4-86)

This hearing will also deal with an application by Alberta and Southern, dated 29 July 1986, for a new licence to extend to 31 October 1994 natural gas exports authorized under seven existing licences. (GH-4-86)

2. TransCanada PipeLines Limited (TransCanada)

In an application dated 21 February 1986, TransCanada requested new tolls to become effective 1 November 1986 with interim tolls effective 1 August 1986. By letter dated 24 March 1986, the Board requested the views of TransCanada and interested parties on the alternative of leaving existing tolls in effect at least until 31 December 1986.

On 8 May 1986, the Board decided that new tolls would be effective 1 January 1987, based on a calendar 1987 test year. The existing tolls were made interim effective 1 August 1986, for final disposition following the toll hearing.

By Hearing Order RH-3-86, the Board set down TransCanada's new tolls application dated 14 July 1986 for public hearing beginning 30 September 1986 in Ottawa.

3. Shell Canada Ltd. (Shell)

On 5 June 1986, Shell applied for a licence to export natural gas at Niagara Falls, Ontario and Highwater, Quebec to Granite State Gas Transmission Inc. of Canton, Massachusetts.

A hearing on this application will begin in Ottawa on 7 October 1986. Related facilities application by Shell and Montreal Pipe Line Limited, dated 17 July 1986, will be dealt with after a decision on the export application is made. (GH-2-86)

Applications Filed — No Dates Set for Hearing

The following applications, available for examination in the Board's library in Ottawa and in its Calgary office, have been filed with the Board, but dates have not yet been set for their hearing:

Applicant	Date of Application	Application
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral (dormant at the request of the applicant)
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta and Beaufort Sea (application incomplete)
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System (CAN-AM Project). (The proponents of the associated American facilities have withdrawn from the project. The application is expected to be refiled sometime in the future.)
4. TransCanada PipeLines Limited	29 March 1985 Rev: 14 June 1985	Certificate for additional gas pipeline facilities for exports at Niagara Falls (Trans-Niagara Project.) (An updated application, based on fully licensed contracted volumes, is expected to be filed sometime in the future.)
5. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to U.S. (Venture Project). (applications incomplete)
6. Alberta & Southern Company Ltd.	2 December 1985	Export of natural gas to Pacific Gas Transmission Co. (application incomplete)
7. Hydro-Québec	16 December 1985	Export of electricity to New England (NEPOOL II) (application incomplete)
8. Sulpetro Limited	14 April 1986	Amendment to Licence GL-82 to extend the term and increase the quantities authorized for export (under review)

On the Horizon

In addition to the applications which have already been filed with the Board, it is possible that the following major matters will be considered by the Board:

Company	Description
1. TransAlta Utilities Corporation	Export of electricity via B.C. Hydro's facilities
2. Manitoba Hydro	Exports of electricity and certificate for new international power line
3. Sable Gas Systems Limited	Offshore and onshore pipeline facilities
4. SOQUIP/Interprovincial Pipe Line Limited	Conversion of a portion of Interprovincial's system to transport natural gas liquids to Quebec
5. Foothills Pipe Lines (Yukon) Ltd.	Tolls for short-term and interruptible service for natural gas
6. TransCanada PipeLines Limited	Pipeline facilities to export gas at Iroquois, near Morrisburg, Ontario
7. B.P. Canada Inc.	New oil pipeline from Macklin, Saskatchewan to a company pipeline at Provost, Alberta
8. ProGas Limited	Exports of natural gas to United States on the proposed Iroquois line over 15 year period
9. ProGas Limited	Exports of natural gas to United States at Niagara Falls over 20 year period

Non-hearing Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, and to authorize toll adjustments.

Reviews

1. Westcoast Transmission Company Limited (Westcoast)

On 9 April 1986, Westcoast submitted an application for a review and variation of Order TGI-10-85 to change the effective date for the commencement of the calculation of carrying costs on the Grizzly Valley Replacement Project deferral account. On 21 April 1986, the Board decided that this application would be dealt with by the Hearing Panel designated to consider Westcoast's 1986 toll application dated 1 December 1985 under Order RH-6-85. (Refer also to *Hearing Decisions Pending*.)

2. Polysar Hydrocarbons Limited (Polysar)

By application dated 22 April 1986, the Chippewas of Sarnia Band (the Indian Band) requested the Board to rescind Order XO-1-86, authorizing Poly-

sar to install 2 kilometres of new pipe that is part of a 12-kilometre pipeline extending from the Consumers Power gas reforming plant in Marysville, Michigan to the Petrosar Limited petrochemical refinery in Corunna, Ontario.

On 19 June 1986, the Board denied the Indian Band's application, as it was not convinced that the application had raised a doubt as to the correctness of Order XO-1-86 or that the Board had erred in law or jurisdiction. (Refer also to *Appeals*).

3. Czar Resources Ltd. (Czar)

On 3 June 1986, Czar requested the Board review its decision of 30 May 1986 which denied the company's application dated 18 April for a reduction in its export price for short-term sales of natural gas to the United States.

Based on its review and on changed circumstances in the domestic market since originally denying the company's application, the Board approved a reduced export price on 2 July 1986.

4. Poco Petroleums Ltd. (Poco)

In an application dated 13 June 1986, Poco requested a review of the Board's decision of 5 June 1986 denying the company's application for a reduced price for its short-term natural gas exports to Grand Valley Gas Transmission.

Based on its review, the Board was not convinced by the company's arguments and decided on 22 July 1986 to uphold its earlier decision denying Poco's reduced export price.

5. Independent Petroleum Association of Canada (IPAC)

On 22 August 1986, IPAC submitted an application for a rescission or review and variation of Order AO-5-TG-2-85 ordering TransCanada PipeLines Limited to record in deferral accounts the foreign exchange costs and related premiums on the redemption of Euro-Dollar notes and to amortize these costs commencing 1 January 1987 over the remaining terms of the original notes.

On 29 August 1986, the Board decided that this application would be dealt with by the Hearing Panel designated to consider TransCanada's toll application dated 14 July 1986 under Order RH-3-86. Comments from interested parties have been requested by 8 September 1986. Comments from IPAC are due 15 September 1986. (See item 2 under *Hearings Scheduled*.)

Appeals

1. Interprovincial Pipe Line Limited (IPL)/Corporation of the Town of Flamborough and the Regional Municipality of Hamilton Wentworth

On 7 February 1986, the Board received notice that the Town of Flamborough and Regional Municipality of Hamilton Wentworth had filed with the Federal Court of Appeal an application for leave to appeal and an application to extend the time for filing an application pursuant to Section 28 of the Federal Court Act in the matter of the Board's December 1985 decision on the location of propane terminal facilities in the Flamborough, Ontario area. On 2 April 1986, the Federal Court of Appeal granted the requested leave to appeal on two questions and denied the leave request for an extension of time in respect of the Section 28 application. (Refer also to *Awarding of Costs*.)

2. **Cochin Pipe Lines Ltd./Dome Petroleum Limited**

In March 1986, the Board received notice that the following applications had been filed with the Federal Court of Appeal:

- i) by Dome Petroleum Limited, for leave to appeal and for a review and setting aside, under section 28 of the Federal Court Act, of the Board's decision, and
- ii) by the Province of Ontario, for leave to appeal.

The applications relate to the Board's January 1986 decision that it has jurisdiction over a portion of the facilities at Windsor, Ontario, namely certain storage caverns, dehydration facilities, and connecting pipelines owned by the Ethane Shippers Joint Venture.

The applications for leave to appeal were heard by the Federal Court of Appeal on 27 May 1986 in Ottawa, Ontario. The court granted leave on the question of whether the Board erred in law or jurisdiction in finding that the facilities in question fall under federal jurisdiction.

3. **Polysar Hydrocarbons Limited (Polysar)/Chippewas of Sarnia Band**

On 6 May 1986, the Board received notice that the Chippewas of Sarnia Band had filed with the Federal Court of Appeal an application for leave to appeal the Board's decision of April 1986, authorizing Polysar to install 2 kilometres of pipe that is part of a 12-kilometre pipeline extending from the Consumers Power gas reforming plant in Marysville, Michigan to the Petrosar Limited petrochemical refinery in Corunna, Ontario. (Refer also to *Reviews*.)

4. **TransCanada PipeLines Limited (TransCanada)**

In July, the Board received notice that TransCanada had applied for leave to appeal to the Federal Court of Appeal the Board's decision of May 1986 on availability of services (RH-5-85) and the related Order TG-1-86. TransCanada was alleging essentially that the Board had exceeded

its jurisdiction in ordering TransCanada to amend its CD Toll Schedules to incorporate operating demand volumes, thus interfering with contractual demand volumes negotiated between TransCanada and each of its distributors.

The application for leave to appeal was heard by the Federal Court of Appeal on 13 August 1986 in Ottawa, Ontario. The court granted leave to appeal which will be heard in Ottawa from 21 to 23 October 1986.

Awarding of Costs

During the course of the hearing on the review of the Board's decision to exempt Interprovincial Pipe Line Limited (IPL) from certain provisions of the NEB Act with respect to the construction of propane terminal facilities in the Flamborough area (refer to *Appeals*), several parties asked that the Board make an award of costs, payable by IPL, in their favour.

By letter dated 17 October 1985, the Board referred to the Federal Court of Appeal the question of the Board's jurisdiction to award costs in this hearing. The matter was heard by the Federal Court of Appeal on 30 April 1986.

The Court rendered its decision on 24 June 1986. It concluded that except in the circumstances referred to in section 29.6 and subsection 37(4) of the NEB Act, both of which deal with the determination of detailed routes of pipelines and international power lines, the Board had no jurisdiction to award costs.

Energy Supply/Demand Update

The Board last published its projections of Canadian energy supply and demand in September 1984 in a staff report entitled *Canadian Energy Supply and Demand: 1983-2005*.

Board staff are currently updating this information, separate from any of the Board's current or anticipated regulatory proceedings. It is expected that the staff's report will be published in December of this year.

Norman Wells Pipeline Project Report

In June, the Board prepared a summary report that examines its role in the regulation and monitoring of the design, construction and operation of pipelines in the frontier regions of Canada. The example used to illustrate this role is that of a pipeline built between Norman Wells, Northwest Territories and Zama, Alberta by Interprovincial Pipe Line (NW) Limited.

The report will prove useful to individuals or groups interested in becoming involved as intervenors in the Board's hearing process for future frontier pipeline projects. The report will be issued later this year, in English, French, Slavey and Inuktituk.

Negotiated Gas Export Prices

As a result of policies announced in 1984, and amended in 1985, companies may negotiate natural gas export prices if they meet certain criteria. Applications may be of two types: for short-term export orders or for amendments to existing licences. The Board may hold a public hearing on any application, if warranted.

A table listing the status of applications for short-term gas exports received since the last Regulatory Agenda or pending at that time, is available from the Board's Information Services.

The Board's 12 February 1986 Memorandum of Guidance to potential applicants contains a provision that, to protect the market position of applicants, the Board will treat short-term contract filings as confidential for a period of at least 90 days from the date of issue of the approving order. In March, the Board amended the Memorandum of Guidance to extend the confidentiality provision to the commodity charge component for certain designated blocks of gas exported pursuant to long-term licences, to allow those blocks of gas to compete in the American spot gas or interruptible market.

Direct Purchases of Natural Gas

The Board has received a number of applications for interim and final orders under section 59(2) of the Act, directing TransCanada PipeLines Limited to transport volumes of gas purchased by various industrial gas users. Included in the applications were requests for interim and final tolls that TransCanada may charge for providing the service. The following is a list of interim orders issued since the last Regulatory Agenda:

	Application Date	Interim Order No.	Date of Order
1. Petro-Canada Inc.	7 May 86	TGI-14-86	10 June 86
2. Domtar Inc.	7 May 86	TGI-15-86	16 June 86
3. Consumers Glass Co. Ltd.	6 May 86	TGI-16-86	25 June 86
4. Brenda Marketing Inc.- Fraser Inc.	15 May 86	TGI-17-86	27 June 86
5. Domglas Inc.	27 May 86	TGI-18-86	10 July 86
6. Brenda Marketing Inc.- Goodyear Canada Inc.	30 May 86	TGI-19-86	14 July 86
7. Northridge Petroleum Marketing, Inc. — Brampton Brick	6 June 86	TGI-20-86	14 July 86
8. Northridge Petroleum Marketing, Inc. — J.I. Case	28 May 86	TGI-21-86	14 July 86
9. Northridge Petroleum Marketing, Inc. — Redpath Sugars	28 May 86	TGI-22-86	14 July 86
10. B.F. Goodrich Canada Inc.	6 June 86	TGI-23-86	14 July 86
11. Gaz Métropolitain, Inc. and Consumers Glass Co. Ltd.	27 May 86	Denied	4 July 86
12. Northridge Petroleum Marketing, Inc.- Tembec Inc.	27 May 86	Denied	30 July 86
13. ATCOR Ltd. — Imperial Oil Limited	27 June 86	TGI-25-86	7 August 86
14. Consumers Packaging Inc.	10 July 86	TGI-26-86	15 August 86
15. Toronto District Heating Corp.	11 July 86	TGI-27-86	19 August 86

Disposition of the applications for final orders will not be made until after the final disposition of double demand charges, scheduled for 1 November 1986, and the implementation of final tolls on the TransCanada system resulting from the toll hearing. (See item 2 under *Hearings Scheduled* and *TransCanada Stay Application*.)

Concerned Citizens of Haldimand (Citizens' Group)

On 20 March 1986, the Citizens' Group filed an application requesting certain orders with respect to pipeline facilities proposed to be constructed near Cobourg, Ontario by The Consumers' Gas Company Limited. Consumers' had filed an application with the Ontario Energy Board for approval of these facilities. The Citizens' Group wished the Board to determine that the facilities in question were under the Board's jurisdiction, and asked the Board to issue an order prohibiting Consumers' from proceeding with the application before the Ontario Energy Board.

On 15 April 1986, the Board issued a letter to the Citizens' Group, stating that it was premature to issue an order prohibiting Consumers' from proceeding with its application before the Ontario Energy Board; at the same time, the Board issued letters to Consumers' and TransCanada PipeLines Limited, Consumers' supplier, asking for information on Consumers' application, in order to assist the Board in assessing the jurisdictional question. Upon receipt of that information, the Board decided to proceed to consider the application by way of written submissions. Submissions from Consumers' and interested parties are now under review.

TransCanada PipeLines Limited — Niagara Line (TransCanada)

In March 1986, TransCanada submitted an application to construct additional facilities on its Niagara Line to accommodate increased exports of natural gas to Boundary Gas Inc., Tennessee Gas Pipe Line Company, and KannGaz Producers Ltd. These exports comprise a portion of the volumes licensed by the Board in January 1983 as a result of the Omnibus Gas Export Hearing, 1982. The new facilities would comprise a pipeline loop and compression and metering equipment, costing approximately \$10.2 million.

In April, the Board sought the views of interested parties on the application. The Board then issued a request for further information from TransCanada and a reply was received on 23 May 1986. Comments from TransCanada on interested parties' views were received and considered.

In July, TransCanada indicated to the Board that the filing of an offer of settlement by Boundary and Tennessee with the U.S. Federal Energy Regulatory Commission offered a real prospect that U.S. regulatory authorizations would be received in time to permit construction of the facilities required to transport the Boundary volumes by the end of the year.

Interested parties were invited to comment and TransCanada to reply. The Board then made its decision on the basis of the information before it and approved the construction of the additional facilities under Order XG-5-86, dated 30 July 1986, subject to a number of conditions detailed in the Order.

Westcoast Transmission Company Limited (Westcoast) — Sikanni Pipeline

On 15 April 1986, the Board received an application from Westcoast to build the 32-kilometre Sikanni Pipeline, a meter station, and related facilities. The proposed pipeline would be located in the Pink Mountain area between Fort Nelson and Fort St. John in British Columbia and is estimated to cost \$7.6 million.

Westcoast submitted additional information in May and in June 1986. After reviewing the information before it, the Board issued Order XG-4-86 to Westcoast on 23 July 1986, authorizing the construction of the Sikanni facilities.

Hydro-Québec — Revocation of Export Licence

By application dated 19 June 1986, Hydro-Québec requested the Board to revoke Licence EL-173 issued on 19 November 1985. Hydro-Québec stated it did not intend to export any of the energy to Citizens' Utilities Company in Vermont. On 9 July 1986, the Board issued Order RO-EL-173 revoking the licence.

TransCanada PipeLines Limited (TransCanada) — Application for a Stay

On 18 July 1986 TransCanada requested a stay of paragraphs 9 and 10 of Order TG-1-86 pending the resolution of its appeal of the Board's May 1986 decision on availability of services (RH-5-85). (Refer to *Hearing Reports* and *Appeals*.)

On 24 July 1986, the Board decided to stay paragraphs 9 and 10 of the Order on an interim basis until such time as it had assessed comments of interested parties and TransCanada's reply comments, and until the Board had issued a final order on the company's request.

On 18 August 1986, the Board stayed both paragraphs pending the outcome of TransCanada's appeal in the Federal Court of Appeal. (See *Appeals*.) The Board also ordered TransCanada to continue, in consultation with direct purchasers and distributors, to calculate the appropriate balances of certain deferral accounts to be refunded by TransCanada, pending the outcome of the appeal.

Interprovincial Pipe Line Limited (Interprovincial) — Adjustment in Tolls

On 28 August 1986, the Board by Order TO-1-86 approved Interprovincial's application dated 23 July 1986 for an adjustment in tolls and a modification to its apportionment of pipeline space effective 1 Septem-

ber 1986. The revised tolls and modified apportionment methodology were required to implement a short-term arrangement (1 September 1986 to 31 January 1987) among Interprovincial, Dome Petroleum Limited and Cochin Pipe Lines Ltd. that would help to alleviate anticipated capacity constraints on the Interprovincial system until additional facilities now under construction are completed.

Interprovincial Pipe Line Limited (Interprovincial) Accident Recommendations — Plan of Action

The Board has reviewed the Inquiry Panel's recommendations concerning an accident on the Interprovincial pipeline system. (See item 3 under *Hearing Reports*.) It has decided to amend the Onshore Pipeline Regulations to incorporate various additional safety and maintenance matters. Comments on the recommended amendments will be sought from industry.

Among other actions, the Board plans to issue an order to companies that transport high-vapour pressure products, directing that safety audits of company practices and the removal of certain sleeves be undertaken and stressing the need for non-destructive testing of welds on other sleeves.

Environmental Information Guidelines for Processing and Storage Facilities

On 26 June 1986, all companies under the Board's jurisdiction were sent the new guidelines outlining the environmental information required to be provided in applications for gas plants and other facilities such as LPG, natural gas liquids and butane transfer plants.

These new guidelines were prepared in response to a request from industry and are available for use by any company planning to build and operate a plant or terminal.

Third Party Crossings

In a letter dated 16 July 1986, the Board announced that it is considering revising its regulations governing the crossing of federally-regulated pipelines by third parties. These regulations cover crossings such as roads, railways, drainage systems, telephone and power lines, and other pipelines.

It is proposed that a new regulation would be enacted to eliminate the need to obtain the Board's approval for most crossings. Comments on the proposal from pipeline companies and other parties have been requested by 29 August 1986.

International Power Line Crossing Regulations

The Board has prepared the first draft of its International Power Line Crossing Regulations. These regulations specify the technical standards to which crossings must be built while keeping the regulatory burden of utilities at a minimum. Interested parties have been

invited to submit comments on these draft regulations by 27 October 1986.

Part VI Regulations

Copies of a new Office Consolidation of the Part VI Regulations, dated May 1986, are now available from the Board.

On 26 June 1986, the Board issued for comment a proposed amendment to the Part VI Regulations that would increase the limits of new firm export orders from 50 to 60 MW and from 250 to 400 GW.h. For new interruptible energy and equichange, storage, adjustment and carrier transfer exports, the limit would be increased to 1000 GW.h. The term of these export orders would be three years. Comments from industry and other interested parties on the proposed change are now under review.

Amendments to Rules of Practice and Procedure

In its continuing review of regulatory requirements, the Board issued on 5 May 1986 a revised Part III of the Schedule to the Rules of Practice and Procedure. Part III of the Schedule lists the information to be filed with an application for a certificate for an international electric power line.

In addition, the Board issued on 26 June 1986 a revised Part VI of the Schedule. Part VI of the Schedule lists the environmental information to be filed with an application to construct a pipeline. Although the revised Part VI must be examined by the Department of Justice and published in the Canada Gazette before it becomes law, the Board has asked all parties to use it.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations will replace and combine the existing Oil Pipeline Regulations and Gas Pipeline Regulations. These regulations provide for the safe design, construction and operation of onshore oil and gas pipelines. The Board approved the Regulations in February 1986. They must be examined by the Department of Justice and approved by the Governor in Council before they become effective.

Based on its review of the recommendations relating to an accident on the Interprovincial pipeline system (see item 3 under *Hearing Reports*), the Board will be amending these regulations. The proposed changes will be submitted for review by industry and other interested parties.

2. Offshore Pipeline Regulations

On 20 December 1984 the Board issued for comment the first draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA preliminary standard, "CSA Z187, Offshore Pipeline Standard", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties were invited to submit comments on these regulations by 15 April 1985. Following a meeting with industry representatives on 18 April 1985, an industry task force was established to review these regulations. Based on the results of this review, a further draft is being prepared which will be submitted in the future for final review by the task force and other interested parties.

3. Construction Cost and Financial Information Regulations

These new draft regulations, which list the information to be furnished by companies that construct and operate a pipeline, were issued for comment to pipeline companies under the Board's jurisdiction and to other interested parties in August 1985. Final comments are now under review.

4. Energy Administration Act

In June 1986, the House of Commons and the Senate passed Bill C-112, An Act to amend the Energy Administration Act.

Accordingly, on 8 August 1986, the Natural Gas Prices Regulations, 1981 were revoked and replaced by the Alberta Natural Gas Prices Regulations, 1986. At the same time, the Saskatchewan Natural Gas Prices Regulations were revoked and replaced by the Saskatchewan Natural Gas Prices Regulations, 1986. The new regulations prescribe the prices for natural gas produced in the province concerned and sold outside the province for consumption in the domestic or export market. The major effect of the new regulations is the elimination of the need for Governor-in-Council approval to prescribe every negotiated price if the price does not exceed the maximum price established in the regulations. The prescribed price then takes effect upon the filing of the executed contract with the Board and the acknowledgement of its receipt by the Board. (P.C. 1986-1813 and P.C. 1986-1812 dated 8 August 1986)

The following amendments were made prior to the approval of the new regulations. For gas sales outside Alberta:

Company	Order-in-Council
(a) Pan-Alberta Gas Ltd., NATGAS CANADA INC., TransCanada PipeLines Ltd., Trans Québec & Maritimes Pipeline Inc., and Brenda Marketing Inc.	P.C. 1986-1358 dated 5 June 1986
(b) TransCanada PipeLines Ltd. and Pan-Alberta Gas Ltd.	P.C. 1986-1427 dated 12 June 1986
(c) TransCanada PipeLines Ltd. and Pan-Alberta Gas Ltd.	P.C. 1986-1630 dated 14 July 1986

In a related action, on 15 August 1986, the Board revoked all General Orders and Special Orders for the approval of prices that were in effect on that date and issued new General Orders. The new orders provide a more generalized method of approving prices for purchasing gas within a province for removal and consumption outside that province. In particular, negotiated contract prices are approved in so far as they do not exceed the maximum price in the orders. The effective date of an approved price is then determined by the filing of the relevant contracts, amending agreements or other evidence with the Board and the acknowledgement of their receipt by the Board.

For details on the new pricing regulations and orders see the Board's Memorandum of Guidance dated 15 August 1986.

5. Gas Export Prices Regulations

- (a) An amendment to remove the exports by ProGas Limited to Texas Gas Transmission Corp. under Licence GL-81 from the Volume-Related Incentive Pricing Program.
- (b) An amendment to remove the exports by Niagara Gas Transmission Ltd. to St. Lawrence Gas Transmission Inc. under Licence GL-55 from the Volume-Related Incentive Pricing Program.

Tariff Matters

Dome NGL Pipeline Ltd.

The Board approved new tolls for shipments on the Eastern Delivery System from the Dome/Amoco fractionation plant in Sarnia to the Petrosar Plant and also for shipments of petroleum products on the Sarnia Downstream Pipeline System. The new tolls are set out in NEB Tariffs No. 15 and No. 12 respectively.

Cochin Pipelines Ltd.

The Board approved NEB Tariff No. 32 for the shipment of natural gas liquids from Fort Saskatchewan, Alberta and Kerrobert Station, Saskatchewan to Windsor, Ontario.

Pipeline Audit Reports Prepared by Board Staff

Since the last Regulatory Agenda, the following pipeline audit reports have been prepared by staff and are now available:

Company	Period
Trans-Northern Pipelines Inc.	1 Jan 84 – 31 Dec 84
Interprovincial Pipe Line (NW) Ltd.	1 May 84 – 31 Dec 85
Alberta Natural Gas Company Ltd.	1 Jan 85 – 31 Dec 85
Foothills Pipe Lines (Yukon) Ltd.	1 Jan 85 – 31 Dec 85
Interprovincial Pipe Line Ltd.	1 Jan 85 – 31 Dec 85

Standing Panels

The Board's 1985 Annual Report includes a description of the powers and duties of the various standing panels of the Board and lists the membership of each. On 9 June 1986 the memberships were changed to the following:

Panel	Members (first-named is Panel Chairman)	Alternate Member
Oil	R.F. Brooks, A.D. Hunt, J. Farmer	R.B. Horner
Gas	A.D. Hunt, R.B. Horner, A.B. Gilmour	R.F. Brooks
Electrical	L.M. Thur, J.R. Jenkins, W.G. Stewart	A.B. Gilmour
Pipeline	J.R. Jenkins, R.B. Horner, A.B. Gilmour	J. Farmer
Financial Regulatory	W.G. Stewart, L.M. Thur, J. Farmer	J.R. Jenkins

The Chairman of the Board is an *ex-officio* member of all panels.

Reports and Speeches

1. "Market Sensitive Pricing of Natural Gas in Canada: Impact on Export Pricing", an address by A. Digby Hunt, Associate Vice-Chairman, to the Executive Enterprises, Inc. Conference on Marketing Canadian Natural Gas in the United States, on 5-6 June 1986 in Washington, D.C.
2. "Deregulation — Who Benefits?", an address by R. Priddle, Chairman, to the Canadian Gas Association Conference, on 24 June 1986 in Quebec.
3. "Glossary of French-English Terminology Used at the National Energy Board", dated May 1986. This publication provides a list of technical terms used at the Board with translations.
4. A presentation by R.F. Brooks, Vice-Chairman, to the Canadian Bar Association in Edmonton on 20 August 1986.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900)

Appendix 1 lists the number of copies required for different types of applications.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. (The Board's publications and mailing lists are discussed in Information Bulletin No. 5).

For those already on the Board's mailing lists, please provide notification of any change of address. Please

also inform the Secretary of any change in your telex or telecopy facilities or numbers.

NATIONAL ENERGY BOARD



J.S. Klenavic,
Secretary

For information, please contact:
Ms. Gaétane Courchesne
Information Services
(613) 998-7192

APPENDIX I

INSTRUCTIONS FOR FILINGS WITH THE NATIONAL ENERGY BOARD

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient. This supersedes the instructions given in Regulatory Agenda No. 8 dated March 1984.

(a) Type of Application or Filing Hearing Matters	No. of Copies	(b) Type of Application or Filing Non-Hearing Matters (cont'd)	No. of Copies
Certificates — pipeline — power line	40 35	(iii) Tolls	
		Class I and II Adjustments	20
Export Licences — natural gas — electricity	35 35	Interim Orders	20
		Operating and Maintenance Budgets	20
Tolls	40	Changes in Depreciation Rates	20
Land Acquisition	10	Quarterly Surveillance Reports	20
		New or Changed Tariffs	20
(b) Non-Hearing Matters		Domestic Gas Sales Contracts and Amendments	10
(i) Natural Gas		Amendments to Tariff Orders	20
Export Orders	20	(iv) Pipelines and Power Lines	
Orders for Transmission	10	Exemption Orders Power Lines	15
Licence Amendments	15	Exemption Orders Pipelines (Class B and C)	20
Amendments to Export Contracts	10	Certificate Amendments	20
Licence Revocations	15	Certificate Revocations	20
Contract Price Filings (EAA)	1	Leaves to Sell or Transfer	20
(ii) Electricity Exports		Incident Reports	10
Orders	10	(v) Other	
Licence Amendments	10	Applications for Review	30
Licence Revocations	10		

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5. (Telex: (NEB OTT) 053-3791; Telecopier: (613) 990-7900).



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REGULATORY AGENDA

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Ce document est également publié en français.

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Preface

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions and information on the status of ongoing proceedings.

The Board's regulatory responsibilities under the National Energy Board Act include the licensing of oil, natural gas and electricity exports, the certification of international power lines and interprovincial and international pipelines, and the setting of tolls and tariffs for such pipelines.

The Board's responsibilities under the Northern Pipeline Act regarding the Canadian portion of the Alaska Natural Gas Transportation System relate mainly to financing, approval of pipe specifications, granting of leave to open orders, and regulation of the operation of the line.

Except where otherwise noted, jurisdiction over the items listed in the Agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1970, c.N-6. An Office Consolidation of the Act, dated March 1983, is available from the Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, K1A 0S9 (Price \$2.75; other countries \$3.30).

Hearing Matters

Recent Hearing Reports and Decisions

Since the 1 September 1986 edition of the Agenda, the following reports have been published by the Board as a result of public hearings:

1. Trans Québec & Maritimes Pipeline Inc. (TQM)

Reasons for Decision dated August 1986, released on 18 September. Order TG-3-86 was issued to fix new tolls effective 1 October 1986. These new tolls would also apply to the interim period from 1 January 1986 to 30 September 1986.

2. Westcoast Transmission Company Limited (Westcoast)

Reasons for Decision dated August 1986, issued 25 September. The report pertains to new tolls effective 1 November 1986, authorized by Order TG-4-86. These new tolls would also apply to the interim period from 1 January 1986 to 31 October 1986.

The report also includes the Reasons for Decision on Westcoast's application for a review and

variation of Order TGI-10-85 to change the effective date for the commencement of the calculation of carrying costs on the Grizzly Valley Replacement Project deferral account. (Refer also to *Appeals* and *Reviews*.)

3. ProGas Limited (ProGas)

Reasons for Decision dated October 1986, released on 9 October. The Board extended the term of licence GL-98 by five years to 31 October 1994, without altering the maximum quantity of gas authorized for export. The extension became effective on Governor in Council approval of 30 October 1986. (P.C. 1986-2437).

4. Trans Mountain Pipe Line Company Ltd. (Trans Mountain)

Reasons for Decision dated September 1986, issued 15 October. The report pertains to tariff orders authorizing new tolls effective 1 November 1986. (Refer also to *Reviews*.) These new tolls would also apply to the interim period from 1 January 1986 to 31 October 1986.

5. Alberta and Southern Gas Co. Ltd. (Alberta and Southern)

Reasons for Decision dated October 1986, released 19 November. The Board approved consolidated Licence GL-99, which replaces Alberta and Southern's seven prior licences, and extended the term of the licence to 31 October 1994, without altering the maximum quantity of gas authorized for export. The extension will become effective on Governor in Council approval.

6. Shell Canada Ltd. (Shell)

Reasons for Decision dated November 1986, released 27 November. The Board issued Licence GL-100 which allows Shell to export natural gas at Niagara Falls, Ontario and Highwater, Quebec to Granite State Gas Transmission Inc. of Canton, Massachusetts. Governor in Council approval is pending.

Hearing Decision Pending

A decision is pending on the following application for which a public hearing has been completed.

1. Cyanamid Canada Pipeline Inc. (Cyanamid)

An application to construct and operate a six-kilometre pipeline in Southern Ontario and to interconnect it with that of TransCanada PipeLines Limited. The hearing on this application and the matter of jurisdiction over the proposed pipeline was held in Ottawa from 25 August to 3 September 1986. (GH-3-86)

The Board expects to release its report early in 1987.

Hearings in Progress

1. TransCanada PipeLines Limited (TransCanada)

In an application dated 21 February 1986, TransCanada requested new tolls to become effective 1 November 1986 with interim tolls effective 1 August 1986. By letter dated 24 March 1986, the Board requested the views of TransCanada and interested parties on the alternative of leaving existing tolls in effect at least until 31 December 1986.

On 8 May 1986, the Board decided that new tolls would be effective 1 January 1987, based on a calendar 1987 test year. The existing tolls were made interim effective 1 August 1986, for final disposition following the toll hearing.

The hearing on TransCanada's new tolls application, dated 14 July 1986, began on 30 September 1986 in Ottawa and is continuing. (RH-3-86)

In the light of the Federal Court of Appeal's dismissal of TransCanada's appeal in November, the Board decided that the disposal of deferral account balances, the operational demand volume methodology and applications for final orders under section 59(2) of the NEB Act should be dealt with as part of this hearing on TransCanada's tolls. (See also item 4 under *Appeals*.)

2. Inquiry into the Regulation of Electricity Exports

An inquiry into the regulation of electricity exports and international power lines began on 24 November 1986 in Ottawa as part of the Board's response to a request, from the Minister of Energy, Mines and Resources, that the Board review and report on the federal regulation of electricity exports.

The inquiry will continue in Fredericton, New Brunswick on 2 December and in Vancouver, British Columbia on 9 December 1986.

Hearings Scheduled

The following public hearings are scheduled to commence on the dates indicated:

1. Interprovincial Pipe Line Limited (Interprovincial)

In an application dated 5 September 1986, Interprovincial requested new tolls to become effective 1 January 1987. By Order RH-4-86, dated 26 September 1986, the Board set down this application for public hearing beginning 2 December 1986 in Ottawa.

On 23 October, based on submissions from interested parties, the Board decided to include as an issue in the hearing the question of the toll design of the potential conversion of the Sarnia-

to-Montreal portion of the Interprovincial line for the transportation of NGLs.

2. Sun Canadian Pipeline

An inquiry into an accident that occurred on 27 October 1986, on the Sun Canadian pipeline system near Sarnia, Ontario.

The location and date of the Board's inquiry into the accident will be announced at a later date.

3. ProGas Limited

In an application dated 26 September 1986, ProGas requested a new licence to export natural gas to Ocean State Power over a 20-year period at Niagara Falls, Ontario.

By Order RH-5-86, dated 25 November 1986, the Board set down this application for public hearing beginning 7 January 1986 in Calgary.

Applications Filed - No Dates Set for Hearing

The following applications have been filed with the Board and are available for examination in the Board's library in Ottawa and in its Calgary office. Dates have not yet been set for the hearing because the applications are on hold at the request of the company or they are under review and may be considered by the Board when additional information is filed.

Company	Date of Application	Description
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta and Beaufort Sea
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System
4. TransCanada PipeLines Limited	29 March 1985 Rev: 14 June 1985	Certificate for additional gas pipeline facilities for exports at Niagara Falls
5. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to U.S. (Venture Project)
6. Alberta & Southern Company Ltd.	2 December 1985	Export of natural gas to Pacific Gas Transmission Company
7. Hydro-Québec	16 December 1985	Export of electricity to New England (NEPOOL II)
8. Sulpetro Limited	14 April 1986	Amendment to Licence GL-82 to extend the term and increase authorized exports
9. Western Gas Marketing Limited	13 November 1986	Export of natural gas to Minnegasco Inc

Company	Date of Application	Description
10. Alberta Northeast Gas Limited TransCanada PipeLines Limited ProGas Limited ATCOR Limited AEC Oil and Gas Company	14 November 1986	Exports of natural gas to United States at Iroquois and Niagara Falls, Ontario

On the Horizon

In addition to the applications which have already been filed with the Board, it is possible that the following major matters will be considered by the Board:

Company	Description
1. TransAlta Utilities Corporation	Export of electricity via B.C. Hydro's facilities
2. Manitoba Hydro	Exports of electricity and certificate for new international power line
3. Sable Gas Systems Limited	Offshore and onshore pipeline facilities
4. Interprovincial Pipe Line Limited	Conversion of a portion of Interprovincial's system to transport natural gas liquids to Quebec
5. Foothills Pipe Lines (Yukon) Ltd.	Tolls for short-term and interruptible service for natural gas
6. TransCanada PipeLines Limited	Pipeline facilities to export gas at Iroquois, near Morrisburg, Ontario
7. Westcoast Transmission Company Limited	Tolls for natural gas service

Non-hearing Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, and to authorize toll adjustments.

The following lists the status of applications received since the last Regulatory Agenda or pending at that time.

Reviews

1. Westcoast Transmission Company Limited (Westcoast)

On 9 April 1986, Westcoast submitted an application for a review and variation of Order TGI-10-85 to change the effective date for the commencement of the calculation of carrying costs on the Grizzly Valley Replacement Project deferral account. The Board approved the company's proposed treatment of the Grizzly Valley pipeline as set out in Order TG-4-86. (Refer also to *Recent Hearing Decisions*.)

On 24 October 1986, Westcoast applied for a review and variation of Order TG-4-86 and the Board's decision of August 1986 on tolls effec-

tive January 1986. By letter dated 30 October 1986, the Board sought the views of interested parties on the need to conduct a review.

Westcoast also applied for a stay of portions of the Board's decision and order. On 30 October 1986, the Board decided to grant the application for a stay and issued Order STG-4-86 making the tolls interim until all matters are resolved. (See also item 5 under *Appeals*.)

2. Ocelot Investments Ltd. (Ocelot)

On 14 November 1986, Ocelot applied for a review and variation of Order TG-4-86 and the Board's August 1986 decision with respect to Westcoast's tolls effective January 1986. By letter dated 20 November 1986, the Board invited parties to submit their views on Ocelot's application by 8 December 1986.

3. Independent Petroleum Association of Canada (IPAC)

On 22 August 1986, IPAC submitted an application for a rescission or review and variation of Order AO-5-TG-2-85 ordering TransCanada PipeLines Limited to record in deferral accounts the foreign exchange costs and related premiums on the redemption of Euro-Dollar notes and to amortize these costs commencing 1 January 1987 over the remaining terms of the original notes.

On 29 August 1986, the Board decided that this application would be dealt with by the Hearing Panel designated to consider TransCanada's toll application dated 14 July 1986 under Order RH-3-86. (See item 1 under *Hearings in Progress*.) Based on the information before it and on comments from interested parties and IPAC, the Panel decided to deny the application for a review on 25 September 1986.

4. Interprovincial Pipe Line Limited (Interprovincial)

By application dated 6 October 1986, Interprovincial requested that the Board review its decision to adopt recommendation 5.9 of the inquiry panel investigating a fatal accident last year on the company's pipeline near Camrose, Alberta. The recommendation requires pipeline companies under Board jurisdiction to remove all welds in certain circumstances and to check the soundness of a sample of welds in other circumstances.

On 23 October 1986, the Board decided to grant the review and sought the views of interested parties on whether such a review should be done at a public hearing. Comments from interested parties, including Interprovincial, were requested by 29 November 1986 and are now being examined.

5. Trans Mountain Pipe Line Company Ltd. (Trans Mountain)

On 23 October 1986, Trans Mountain applied for a review of the Board's September 1986 decision with respect to the approved throughput forecast and estimated fuel and power expenses. The Board denied the application on 30 October 1986.

6. Alberta Petroleum Marketing Commission (APMC)

By application dated 24 October 1986, the APMC requested that the Board review the aspect of its decision of September 1986 on Trans Mountain Pipe Line Company Ltd. tolls which deals with the method used to allocate the refund to shippers of excess revenues collected under interim tolls in effect between 1 January and 31 October 1986. By letter dated 27 October 1986, Trans Mountain proposed a method for administering the refunds which was agreed to by the APMC.

On 30 October 1986, the Board granted the request for a review and invited interested parties to submit their views on the merits of the APMC application and Trans Mountain proposal. On 20 November 1986, the Board amended its toll order to incorporate the method of refund proposed by Trans Mountain.

Appeals

1. Corporation of the Town of Flamborough and the Regional Municipality of Hamilton-Wentworth

On 7 February 1986, the Board received notice that the Town of Flamborough and the Regional Municipality of Hamilton-Wentworth had filed with the Federal Court of Appeal an application for leave to appeal the Board's December 1985 decision on the location by Interprovincial Pipe Line Limited of propane terminal facilities in the Flamborough, Ontario area. On 2 April 1986, the Federal Court of Appeal granted leave to appeal on two grounds relating to the imposition of terms and conditions in the Order, issued pursuant to section 49 of the NEB Act.

The Federal Court of Appeal set dates for the filing of written argument by the Appellant and by other parties, namely, 17 November 1986 and 19 January 1987, respectively. No date for an oral hearing has yet been set by the court.

2. Dome Petroleum Limited and the Province of Ontario

In March 1986, Dome Petroleum Limited and the Province of Ontario sought leave to appeal the Board's January 1986 decision in respect of jurisdiction over certain storage facilities at

Windsor, Ontario. The Board determined, following a public hearing, that the ethane shippers' storage caverns and related facilities were an integral part of the Cochin Pipe Lines Ltd. system and, accordingly, fell within the jurisdiction of the Federal Government and the Board. Leave to appeal was granted on 27 May 1986 on the question of whether the Board erred in deciding that the facilities in question fall under federal jurisdiction.

The appeal has been set for hearing in Toronto on 12 January 1987.

3. Chippewas of Sarnia Band

In May 1986, the Chippewas of Sarnia Band sought leave to appeal the Board's April 1986 decision authorizing Polysar Hydrocarbons Limited to build a pipeline across the St. Clair River. The Band sought leave to appeal on five grounds dealing with the fairness of the procedure used by the Board in considering the application and the correctness of the Board's decision in the light of the Chippewas' claim on land crossed by the pipeline.

The Federal Court has advised that it wishes to hear oral argument on the application for leave to appeal and has set 8 December 1986 as the date for appearance. An application by the Band for a stay of the Board's Section 49 order pending the outcome of the leave to appeal application and, if necessary the appeal, was argued before the Federal Court of Appeal on 13 November 1986 and was denied.

4. TransCanada PipeLines Limited

In August 1986, TransCanada PipeLines Limited was granted leave to appeal the Board's decision of May 1986 on availability of services (RH-5-85) and the related Order TG-1-86. TransCanada was alleging essentially that the Board had exceeded its jurisdiction in ordering TransCanada to amend its CD Toll Schedules to incorporate operating demand volumes, thus interfering with contractual demand volumes negotiated between TransCanada and each of its distributors. The appeal was heard on 21 to 23 October 1986.

On 29 October 1986, the Minister of Energy, Mines and Resources announced that legislative changes to the NEB Act are to be introduced to remove any doubt over the Board's jurisdiction to implement the operational demand volume concept and to order the refund of deferred demand charges.

On 14 November 1986, the Federal Court of Appeal dismissed TransCanada's application.

5. Flamborough Residents Against Propane

In September 1986, the Board received notice that the Flamborough Residents Against Propane had filed with the Supreme Court of Canada an application for leave to appeal the Federal Court of Appeal's decision of June 1986 that the Board had no jurisdiction to award costs.

The application for leave to appeal was heard by the Supreme Court of Canada on 24 November 1986. The court reserved its decision.

6. Westcoast Transmission Company Limited

On 3 October 1986, Westcoast filed with the Federal Court of Appeal an application pursuant to section 28 of the Federal Court Act requesting the court to review and set aside the Board's August 1986 decision on tolls effective January 1986. The company also filed with the Federal Court of Appeal an application for leave to appeal the Board's decision pursuant to section 18 of the NEB Act. An application has also been filed with the Board pursuant to section 17 of the NEB Act requesting the Board to review its decision. The Board understands that Westcoast intends to ask the Federal Court to hold the court actions in abeyance pending the Board's consideration of Westcoast's application for review. (See also *Reviews*.)

Effects of Changes in Government Policy on Natural Gas Matters

By letter dated 29 October 1986, the Minister of Energy, Mines and Resources requested the Board's assistance in implementing changes to natural gas pricing policy, effective 1 November 1986. Under the new policy, buyers and sellers of natural gas who have negotiated prices and contracts for the purchase and sale of natural gas for consumption in the export market no longer require federal regulatory approval of the contract prices prior to the export taking place. In addition, prices and contracts for the purchase and sale of gas in the domestic market are no longer subject to federal regulatory approval.

Accordingly, all the Board's short-term natural gas export orders were amended, effective 31 October 1986, to remove all conditions except those relating to the term of the order and the export point. In addition, all long-term export licences were amended to remove the specific export pricing condition and the reporting and measuring requirements which are already contained in the Part VI Regulations.

In a related action, on 14 November 1986, the Board rescinded its Memorandum of Guidance dated 12 February 1986 and issued new guidelines to exporters that set out the information to be provided

with applications for new or amended short-term gas export orders and long-term gas export licences.

In addition, sections 8 and 35 of the Board's Part VI Regulations were amended. Section 8 was amended to remove the mandatory requirement of the Board to include in each export order a condition relating to the adjacent border zone price and to remove the condition restricting the date an order comes into effect on proof of provincial removal permits. Section 35 was amended to include the filing of export sales contracts and amendments for gas exported under short-term orders and to require licence-holders to obtain Board approval of every contract, including amendments and new contracts, between the exporter and importer.

As a further step, the Gas Export Prices Regulations were revoked effective 31 October 1986, thus terminating the Volume-Related Incentive Pricing (VRIP) Program. By August 1986, most existing export licences were subject to negotiated pricing arrangements and had already been removed from the provisions of these regulations.

Finally, the Alberta Natural Gas Prices Regulations, 1986 and the Saskatchewan Natural Gas Prices Regulations, 1986 which were administered by the Board, were revoked. The Energy Administration Act Part III Regulations, which established the filings of prices and contracts negotiated between buyers and sellers and the costs of services to be deducted in calculating prices under the VRIP Program, was also revoked. In addition, sections 53 to 65 of the Energy Administration Act were suspended. These sections, generally, provided the legislative authority to prohibit the movement and sale of natural gas in Canada unless the prices had been prescribed by the Governor in Council or approved by the Board. The Board will no longer be issuing orders approving gas prices under section 53 of the Act.

In a related action, on 14 November 1986, the Board rescinded its Memorandum of Guidance on the information required to obtain approval of prices under the Energy Administration Act, dated 15 August 1986.

In a second letter dated 29 October 1986, the Minister asked the Board to advise him of the impact of recent developments in the Canadian natural gas market on the surplus determination procedure which was adopted by the Board in May 1986. The Board has decided to undertake a comprehensive review of its natural gas surplus determination procedure. In conducting this review, the Board will seek the views of all affected segments of the Canadian community.

In a third letter, the Minister informed the Board that he intends to place legislation before Parliament to amend the NEB Act to eliminate uncertainty over the Board's authority to ensure access to the transportation system of gas sold under direct buyer-seller negotiations. The legislative changes will remove any

doubt over the Board's jurisdiction to implement the operational demand volume concept, as outlined in the Board's May 1986 decision on availability of services, and to order the refund of deferred demand charges. (See also item 4 under *Appeals*.)

Direct Purchases of Natural Gas

The Board has received a number of applications for interim and final orders under section 59(2) of the Act, directing TransCanada PipeLines Limited to transport volumes of gas purchased by various industrial gas users. Included in the applications were requests for interim and final tolls that TransCanada may charge for providing the service. The following is a list of applications dealt with since the last Regulatory Agenda:

	Application Date	Interim Order No.	Date of Decision
1. Shell Canada Products Ltd.	30 June 86	Denied	9 Sept. 86
2. Lake Ontario Steel Co.	15 August 86	TGI-28-86	23 Sept. 86
3. British Columbia Sugar Refining Co. Ltd.	31 July 86	TGI-29-86	4 Sept. 86
4. Canadian Gypsum Co. Ltd.	29 Sept. 86	TGI-30-86	24 October 86
5. Molsons Ontario Breweries Ltd.	2 October 86	TGI-31-86	28 October 86
6. Shell Canada Products Ltd.	23 Sept. 86	TGI-32-86	28 October 86
7. Canadian General - Tower Ltd.	29 Sept. 86	TGI-33-86	29 October 86
8. Consumers Packaging Inc.	18 Sept. 86	TGI-34-86	29 October 86
9. Canadian Salt Co. Ltd.	24 Sept. 86	TGI-35-86	29 October 86
10. Northridge Petroleum Marketing Inc.	30 Sept. 86	TGI-36-86	29 October 86
11. Panther Marketing Inc.	10 Oct. 86	TGI-37-86	31 October 86
12. Union Carbide	14 Oct. 86	TGI-41-86	12 November 86
13. Brenda Marketing Inc.	30 Sept. 86	TGI-42-86	21 November 86
14. Domglas Inc.	3 Oct. 86	TGI-43-86	21 November 86
15. Canadian Mist Distillers	16 Oct. 86	TGI-44-86	21 November 86
16. Gaz Métropolitain, inc. and Shell Canada Products Ltd.	15 Oct. 86	TGI-45-86	25 November 86

The applications for final orders will be dealt with as part of the hearing on TransCanada's tolls. (See item 1 under *Hearings in Progress*.)

Gas Export Licences - Sunset Clauses

On 17 October 1986, the Board decided to consider the need to further extend "sunset clauses" in natural gas export licences issued in 1983. The clauses require exporters to file proof of U.S. authorizations for the import of the gas in question with the Board by 31 January 1987. Without the extension of the sunset clauses, the export licences would become inoperative.

Eight companies were asked to file written submissions showing cause why the deadline on "sunset clauses" in their natural gas export licences should be extended and indicating, among other things, progress made towards obtaining U.S. import authorizations. Comments are being reviewed by the Board.

Energy Supply/Demand Update

The Board last published its projections of Canadian energy supply and demand in September 1984 in a staff report entitled *Canadian Energy Supply and Demand: 1983 - 2005*.

Board staff have updated this information, separate from any of the Board's current or anticipated regulatory proceedings. The staff's report will be released on 10 December 1986 in several locations across Canada. It will be provided by mail on request to the Board after 10 December 1986.

Norman Wells Pipeline Project Report

In June, the Board prepared a summary report that examines its role in the regulation and monitoring of the design, construction and operation of pipelines in the frontier regions of Canada. The example used to illustrate this role is that of a pipeline built between Norman Wells, Northwest Territories and Zama, Alberta by Interprovincial Pipe Line (NW) Limited.

The report will prove useful to individuals or groups interested in becoming involved as intervenors in the Board's hearing process for future frontier pipeline projects. The report will be issued early next year, in English and French and possibly in Slavey and Inuktituk.

Concerned Citizens of Haldimand (Citizens' Group)

On 20 March 1986, the Citizens' Group filed an application requesting certain orders with respect to pipeline facilities proposed to be constructed near Cobourg, Ontario by The Consumers' Gas Company Limited. Consumers' Gas had filed an application with the Ontario Energy Board for approval of these facilities. The Citizens' Group wanted the Board to determine whether the facilities in question were under the Board's jurisdiction, and asked the Board to issue an order prohibiting Consumers' from proceeding with the application before the Ontario Energy Board.

On 15 April 1986, the Board issued a letter to the Citizens' Group, stating that it was premature for the Board to issue an order prohibiting Consumers' from proceeding with its application before the Ontario Energy Board. At the same time, the Board issued letters to Consumers' and TransCanada PipeLines Limited, Consumers' supplier, asking for information on Consumers' application in order to assist the Board in assessing the jurisdictional question. On receipt of that information, the Board decided to proceed to consider the application by way of written submissions.

The Board rendered its decision on 6 October 1986. It denied the requested orders as it was not persuaded that any determination by it on the constitutional issue was warranted at this time. The Ontario Divisional Court ruled that the proposed Consumers' Gas facilities are under the Ontario Energy Board's jurisdiction.

TransCanada PipeLines Limited (TransCanada) Application for a Stay

In September 1986, TransCanada requested a stay of paragraphs 4 and 6 of Order TG-1-86 pending the

resolution of its appeal of the Board's May 1986 decision on availability of services (RH-5-85). On 23 September 1986, the Board stayed both paragraphs pending the outcome of TransCanada's appeal in the Federal Court of Appeal. The application was dismissed by the court on 14 November 1986. (*Refer to Appeals.*)

By letter dated 5 November 1986, the Industrial Gas Users' Association (IGUA) requested that the Board lift the stay of paragraphs 9 and 10 of Order TG-1-86 in order that various deferral accounts be cleared. On 13 November 1986, the Board sought the views of TransCanada on IGUA's application. On 21 November 1986, IGUA withdrew its application in the light of the Federal Court of Appeal's dismissal of TransCanada's appeal.

Imperial Oil Limited (Imperial) and Gulf Canada Corporation (Gulf) Applications to Export Crude Oil

The Board received applications from Imperial and Gulf for orders to export crude oil by marine vessel from Trans Mountain Pipe Line Limited's Westridge terminal in Vancouver.

On the basis of the information before it, the Board approved the crude oil shipments under Orders ROE-85-86 and ROE-88-86.

Newfoundland Processing Ltd. Application to Export Petroleum Products

By letter dated 12 November 1986, Newfoundland Processing Ltd. applied for licences to export petroleum products from its Come-by-Chance refinery in Newfoundland to Cumberland Farms, Inc., a marketer of petroleum products in the northeastern United States.

After reviewing the information before it, the Board issued an export order to Newfoundland Processing Ltd. to cover the 1987 start-up period and agreed to recommend to the Governor in Council that five-year licences be issued, commencing 1 January 1988, for the export of petroleum products resulting from an imported oil processing agreement.

Third Party Crossings

In a letter dated 16 July 1986, the Board announced that it is considering revising its regulations governing the crossing of federally-regulated pipelines by third parties. These regulations cover crossings such as roads, railways, drainage systems, telephone and power lines, and other pipelines.

It is proposed that a new regulation be enacted to eliminate the need to obtain Board approval for most crossings. Comments on the proposal from pipeline companies and other parties were provided by 29 August 1986 and are currently being reviewed by the Board.

International Power Line Crossing Regulations

The Board has prepared the first draft of its International Power Line Crossing Regulations. These regulations specify the technical standards to which crossings must be built while keeping the regulatory burden of utilities at a minimum. Interested parties were invited to submit comments on these draft regulations by 27 October 1986; comments are being reviewed by the Board.

Part VI Regulations

On 26 June 1986, the Board issued for comment a proposed amendment to the Part VI Regulations that would increase the limits of new firm export orders for electricity from 50 to 60 MW and from 250 to 400 GW/h. For new interruptible energy and exchange, storage, adjustment and carrier transfer exports, the limit would be increased to 1000 GW/h. The term of these export orders would be three years. Respondents supported the proposed amendment.

On 4 September 1986, the Board approved the amendment which is now subject to examination by the Department of Justice and to new public notice procedures established by the Privy Council Office before submission for approval by Governor in Council.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations will replace and combine the existing Oil Pipeline Regulations and Gas Pipeline Regulations. These regulations provide for the safe design, construction and operation of onshore oil and gas pipelines. The Board approved the Regulations in February 1986. They must be examined by the Department of Justice and approved by the Governor in Council before they become effective.

Based on its review of the recommendations relating to an accident on the Interprovincial pipeline system (see item 4 under *Reviews*), the Board expects to be amending these regulations. The proposed changes will be submitted for comment by industry and other interested parties, probably in 1987.

2. Offshore Pipeline Regulations

On 20 December 1984 the Board issued for comment the first draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA preliminary standard, "CSA Z187, Offshore Pipeline Standard", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties were invited to submit comments on these regulations by 15 April 1985. Following a meeting with industry representatives on 18 April 1985, an industry task force was established to review these regulations. Based on their recommendations, a further draft is being prepared which will be submitted in the future for final comment by the task force and other interested parties, probably in the first quarter of 1987.

Tariff Matters

Foothills Pipe Lines (Yukon) Ltd.

In a letter to Foothills dated 29 May 1986, the Board announced its intention to review the 16 percent rate of return on common equity allowed the Company. In order to permit any change that might be made to this rate to be reflected in the amounts charged shippers as of 1 June 1986, Foothills' tolls were made interim as at that date. It is contemplated that the Board will make its decision with respect to the rate of return on common equity in December 1986.

Interprovincial Pipe Line (NW) Ltd.

The Board advised Interprovincial (NW) that it had decided to examine the continued appropriateness of the 16 percent rate of return on equity currently approved in conjunction with its study of the Company's provisional toll application dated 30 October 1986 for new provisional tolls to be effective 1 January 1987.

Alberta Natural Gas Company Limited

The Board initiated a review of Alberta Natural's approved cost rates for debt, rate of return on equity and the associated capital structure in the light of the recent trend in interest and inflation rates. Pending the outcome of its review, the Board made the Company's existing tolls interim effective 1 August 1986.

Trans-Northern Pipelines Inc.

The Board accepted as filed Trans-Northern's revised Conditions of Transportation. These came into effect on 1 September 1986.

Pipeline Audit Report Prepared by Board Staff

Since the last Regulatory Agenda, the following pipeline audit report has been prepared by staff and is now available:

Company	Period
Trans-Northern Pipelines Inc.	1 Jan 85 - 31 Dec 85

Board Member Changes

Mr. A. Boyd Gilmour, who has served as a Temporary Member of the Board since November 1980, has been appointed a Member of the Board for a seven-year term, effective 1 October 1986.

Mr. R. Byron Horner has been reappointed a Member of the Board for a seven-year term commencing

7 November 1986. He was initially appointed a Member of the Board in 1979.

Reports and Speeches

1. "Impact of Canadian Regulatory Changes on Cross-Border Trade", an address of R. Priddle, Chairman, to the Canadian Energy Research Institute Conference on International Oil and Gas Markets, on 16 September 1986 in Calgary, Alberta.
2. "Route Approval and Right-of-Way Acquisition at the National Energy Board", an address by G.E. Marquardt to the International Right-of-Way Association, on 18 September 1986 in Niagara-on-the-Lake, Ontario.
3. "Exports of Petroleum Products: the First Year of Deregulation in Review". National Energy Board, September 1986.
4. "Exports of Crude Oil: the First Year of Deregulation". National Energy Board, November 1986.
5. "Implementation of Canadian Export Pricing by the National Energy Board", an address by A. Digby Hunt, Associate Vice-Chairman, to the Executive Enterprises Inc. conference on Marketing Canadian Natural Gas in the U.S.: California and Pacific Northwest Markets, on 19 November 1986 in San Francisco, California.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier ((613) 990-7900)

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. (The Board's publications and mailing lists are discussed in Information Bulletin No. 5).

For those already on the Board's mailing lists, please provide notification of any change of address. Please also inform the Secretary of any change in your telex or telecopy facilities or numbers.

NATIONAL ENERGY BOARD



J.S. Klenavic,
Secretary

For information, please contact:
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REGULATORY AGENDA

This document is also available in French.

Ce document est également publié en français.

Issue No. 20

1 March 1987

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Preface

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions and information on the status of ongoing proceedings.

The Board's regulatory responsibilities under the National Energy Board Act include the licensing of oil, natural gas and electricity exports, the certification of international power lines and interprovincial and international pipelines, and the setting of tolls and tariffs for such pipelines.

The Board's responsibilities under the Northern Pipeline Act regarding the Canadian portion of the Alaska Natural Gas Transportation System relate mainly to tolls and tariffs, approval of pipe specifica-

tions, granting of leave to open orders, and regulation of the operation of the line.

Except where otherwise noted, jurisdiction over the items listed in the Agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1970, c.N-6. An Office Consolidation of the Act, dated March 1983, is available from the Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, K1A 0S9 (Price \$2.75; other countries \$3.30).

Hearing Matters

Recent Hearing Reports and Decisions

Since the 1 December 1986 edition of the Agenda, the following reports have been published by the Board as a result of public hearings:

1. Cyanamid Canada Pipeline Inc. (Cyanamid)

Reasons for Decision dated December 1986, released on 29 January 1987. The Board approved the construction of a short pipeline from the Cyanamid plant at Welland to the TransCanada pipeline at Black Horse Station, Ontario after having determined that the pipeline would come under the Board's jurisdiction. (GH-3-86)

2. ProGas Limited (ProGas)

Reasons for Decision dated January 1987, released 26 February. The Board issued Licence GL-101 which allows ProGas to export natural gas to Ocean State Power over a 20-year period at Niagara Falls, Ontario. Governor-in-Council approval is pending. (GH-5-86)

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have been completed.

1. TransCanada PipeLines Limited (TransCanada)

In an application dated 21 February 1986, TransCanada requested new tolls to become effective 1 November 1986 with the then existing tolls to be made interim effective 1 August 1986.

In May the Board approved the interim tolls effective 1 August 1986. The Board also decided to employ a test year for setting tolls based on a calendar year. Accordingly, TransCanada was instructed to file a revised application addressing tolls for the period 1 August to 31 December 1986 and for the calendar year 1987.

The hearing on TransCanada's revised tolls application, dated 14 July 1986, began on 30 September 1986 in Ottawa and ended on 27 February 1987. (RH-3-86)

The hearing also dealt with several other significant matters including the allocation, for toll purposes, of the approved cost of service of Trans Québec & Maritimes Pipeline Inc., the implementation of Operating Demand Volume methodology and related matters flowing from a previous Board decision on the availability of services provided by TransCanada (RH-5-85), and various applications for final orders under subsec-

tion 59(2) of the NEB Act, requiring TransCanada to provide transportation services for certain direct purchasers.

2. Inquiry into the Regulation of Electricity Exports

A hearing into the federal regulation of electricity exports and international power lines was held starting in Ottawa on 24 November 1986 and continuing in Fredericton on 2 December and in Vancouver on 9 December, as part of the Board's response to a request from the Minister of Energy, Mines and Resources that the Board review and report on the federal regulation of electricity exports. (EHR-1-86)

The Board expects to provide its report to the Minister by mid-1987.

3. Sun Pipe Line Company Limited (Sun)

An inquiry into an accident that occurred on 27 October 1986, on the Sun pipeline system south of Sarnia, Ontario.

The Board's inquiry into the accident was held from 10 to 12 February 1987 in Sarnia. (MH-2-86)

4. Alberta Northeast Gas Export Project

Alberta Northeast Gas, Limited, TransCanada PipeLines Limited, ProGas Limited, ATCOR Limited and AEC Oil and Gas Company have applied jointly for authorizations to export natural gas to the northeastern United States.

The hearing on these applications began on 17 February 1987 in Ottawa and ended on 20 February 1987. (GH-1-87)

Hearing in Progress

1. Interprovincial Pipe Line Limited (Interprovincial)

In an application dated 5 September 1986, Interprovincial requested new tolls to be charged for the transportation of crude oil and other liquid hydrocarbons.

In December, the Board authorized interim tolls effective 1 January 1987.

During the hearing, the Board is also examining the suitability of Interprovincial's proposed toll

design methodology for propane service from Sarnia to Millgrove, Ontario and the appropriate toll design methodology related to the potential conversion of the Sarnia-to-Montreal portion of the Interprovincial line for the transportation of natural gas liquids.

The hearing on Interprovincial's toll application began 2 December 1986 in Ottawa and is continuing. (RH-4-86)

Hearings Scheduled

The following public hearings are scheduled to commence on the dates indicated:

1. Hydro-Québec

In an application dated 16 December 1985, Hydro-Québec requested a licence to export firm energy to New England utilities over a 10-year period starting 1 September 1990.

By Order EH-1-87, dated 30 January 1987, the Board set down this application for public hearing beginning 17 March 1987 in Montreal.

2. Natural Gas Surplus Determination Review

By letter dated 29 October 1986, the Minister of Energy, Mines and Resources asked the Board, pursuant to section 22, Part II of the NEB Act, to advise him of the implications for its surplus determination procedures of changing conditions in Canadian natural gas markets and the action the Board was prepared to initiate in respect of those procedures to take account of a rapidly evolving market environment.

By letter dated 4 November 1986, the Board informed the Minister of its decision to undertake a comprehensive review of its established natural gas surplus determination procedures.

By letter of 18 December 1986, the Board announced the issues that it would like addressed and the date for written submissions. The Board issued Order GHR-1-87 on 6 February 1987 announcing that it will hold a public hearing as part of its review beginning in Ottawa on 13 April 1987 and continuing in Calgary on 21 April.

3. Westcoast Transmission Company Limited (Westcoast)

In an application dated 12 February 1987, Westcoast requested either a Board order suspending the export interruptible sales toll until dealt with by the Board in an upcoming hearing on the company's tolls, or a Board order authorizing Westcoast to distribute in the month received all revenues from the toll to the company's system suppliers.

By Order RH-1-87, dated 19 February 1987, the Board set down this application for public hearing commencing 10 March 1987 in Vancouver, B.C.

Applications Filed - No Dates Set for Hearing

The following applications have been filed with the Board and are available for examination in the Board's library in Ottawa and in its Calgary office. However, hearing dates have not been set because the applications are still under review by the Board's staff; or are on hold at the request of the applicant; or are deficient in terms of information so far supplied.

Company	Date of Application	Description
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta and Beaufort Sea
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System
4. Mobil Oil Canada Ltd. 17 July 1985 Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited		Export of natural gas to U.S. (Venture Project)
5. Alberta & Southern Company Ltd.	2 December 1985	Export of natural gas to Pacific Gas Transmission Company
6. Sulpetro Limited	14 March 1986	Amendment to Licence GL-82 to extend the term and increase authorized exports
7. Western Gas Marketing Limited	13 November 1986	Export of natural gas to Minnegasco Inc.

8. Trans Québec & Maritimes Pipeline Inc.*	17 December 1986	Tolls for natural gas service
9. Westcoast Transmission Company Limited**	19 December 1986	Tolls for natural gas service
10. TransCanada PipeLines Limited***	12 January 1987	1988 pipeline facilities to export gas at Iroquois and Niagara Falls, Ontario and Highwater, Québec.
11. Manitoba Hydro	20 January 1987	Exports of summer sale of electricity to Northern States Power

On the Horizon

In addition to the applications which have already been filed with the Board, it is possible that the following major matters will be considered by the Board:

*On 19 December 1986, the Board approved a request by Trans Québec & Maritimes to make its existing tolls interim effective 1 January 1987. By letter dated 20 January 1987, the Board asked the company to consider amending its application to include both 1987 and 1988 as test years. The company responded in a letter of 17 February 1987 that it expected to file a revised application by 6 April 1987 agreeing to the Board's request.

**On 19 December 1986, Westcoast filed an application for new tolls to be effective 1 January 1987. On 30 December 1986, the Board approved a request by Westcoast that the tolls as applied for be approved on an interim basis effective 1 January 1987. By letter dated 20 January 1987, the Board asked the company to consider amending its application to include both 1987 and 1988 as test years. In its reply dated 30 January 1987, Westcoast agreed to make the amendment subject to certain procedural and timing constraints. The Board accepted Westcoast's proposal that its application be considered in two phases. Phase 1 will deal with toll design and tariff matters and Phase 2 will consider rate base, cost of service and rate of return issues. It is expected that public hearings will commence on 26 May 1987 for Phase 1 and 11 August 1987 for Phase 2.

***In this application TransCanada withdrew its previous application of 29 March 1985 to export gas to the U.S. northeast (the so-called Trans-Niagara project). By letter dated 5 February 1987, the Board informed TransCanada and parties to the TransCanada toll hearing that this facilities application will be considered in conjunction with related toll methodology issues and asked the company to file its proposed toll design methodology. Further to representations by Shell Canada Limited, TransCanada will now file by 4 March 1987 an application for additional facilities under Section 49 of the NEB Act. These facilities, which were originally part of TransCanada's 1988 facilities application, are required to transmit Shell's proposed exports at Highwater, Québec.

Company	Description
1. TransAlta Utilities Corporation	Export of electricity via B.C. Hydro's facilities
2. Sable Gas Systems Limited	Offshore and onshore pipeline facilities
3. Interprovincial Pipe Line Limited	Conversion of a portion of Interprovincial's system to transport natural gas liquids to Quebec
4. Foothills Pipe Lines (Yukon) Ltd.	Tolls for short-term and interruptible service for natural gas

Non-hearing Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, and to authorize toll adjustments.

The following lists the status of applications received since the last Regulatory Agenda or pending at that time.

Reviews

1. Interprovincial Pipe Line Limited (Interprovincial)

By application dated 6 October 1986, Interprovincial requested a review of the Board's decision to adopt recommendation 5.9 made by the Board's panel investigating a fatal accident in 1985 on the company's pipeline near Camrose, Alberta. The recommendation requires pipeline companies under Board jurisdiction to remove all welds in certain circumstances and to check the soundness of a sample of welds in other circumstances.

On 23 October 1986, the Board decided to grant the review and sought the views of interested parties on the process to be followed for the review. Based on the information before it and on comments from interested parties and Interprovincial, the Board held a preliminary meeting with parties on 27 January 1987 in Calgary to discuss the procedure to be followed for the review. A technical conference relating to recommendation 5.9 will be held following further testing and the completion of a study by industry in the summer of 1987. The Board will then conduct its review and has reserved its decision on whether to hold a public hearing for that purpose.

2. Westcoast Transmission Company Limited (Westcoast)

On 24 October 1986, Westcoast applied for a review and variation of Order TG-4-86 and the Board's decision of August 1986 on tolls effective January 1986. Westcoast also applied for a stay of portions of the Board's decision and order. On 30 October 1986, the Board decided to stay certain paragraphs of TG-4-86 and issued Orders STG-4-86 and TGI-39-86 making the tolls interim until all matters are resolved. (See also item 5 under *Appeals*.)

By letter dated 30 October 1986, the Board sought the views of interested parties on the need to conduct a review. Based on the information before it and on submissions from interested parties, the Board decided on 1 December 1986 to deny the application for a review. The Board also clarified its decision regarding the separate market division and further stated that while it was not prepared to re-examine the principle of a retainer fee, it was prepared to re-examine the size of such fee at the next toll hearing. By Order AO-1-STG-4-86, the Board revoked certain paragraphs of Order STG-4-86. The others remained in effect pending the outcome of Amoco's application for a review. (See item 4 below.)

3. Ocelot Investments Ltd. (Ocelot)

On 14 November 1986, Ocelot applied for a review and variation of Order TG-4-86 and the Board's August 1986 decision with respect to Westcoast's tolls effective January 1986. By letter dated 20 November 1986, the Board invited parties to submit their views on Ocelot's application by 8 December 1986.

On 5 December 1986, Ocelot withdrew its application.

4. Amoco Canada Petroleum Company Ltd. (Amoco)

On 26 November 1986, Amoco applied for a review and variation of Order TG-4-86 and the Board's decision of August 1986 on Westcoast's tolls effective January 1986. By letter dated 1 December 1986, the Board invited interested parties to submit their views by 16 December 1986 on whether Amoco had met the criteria established in the Board's Rules as grounds for a review.

On 15 January 1987, the Board decided to grant the review and invited parties to submit their views by 23 January 1987 on the merits of the application.

On 16 February 1987, the Board granted the variation applied for by Amoco and issued Orders AO-2-STG-4-86 and AO-2-TG-4-86 making the 1986 tolls final.

Appeals

1. Corporation of the Town of Flamborough and the Regional Municipality of Hamilton-Wentworth

On 7 February 1986, the Board received notice that the Town of Flamborough and the Regional Municipality of Hamilton-Wentworth had filed with the Federal Court of Appeal an application for leave to appeal the Board's December 1985 decision on the location by Interprovincial Pipe Line Limited of propane terminal facilities in the Flamborough, Ontario area. On 2 April 1986, the Federal Court of Appeal granted leave to appeal on two grounds relating to the imposition of terms and conditions in the Order, issued pursuant to section 49 of the NEB Act.

The Federal Court of Appeal set dates for the filing of written argument by the Appellant and by other parties, namely, 17 November 1986 and 19 January 1987, respectively. No date for an oral hearing has yet been set by the court.

2. Dome Petroleum Limited and the Province of Ontario

In March 1986, Dome Petroleum Limited and the Province of Ontario sought leave to appeal the Board's January 1986 decision in respect of jurisdiction over certain storage facilities at Windsor, Ontario. The Board determined, following a public hearing, that the ethane shippers' storage caverns and related facilities were an integral part of the Cochin Pipe Lines Ltd. system and, accordingly, fell within the jurisdiction of the Federal Government and the Board. Leave to appeal was granted on 27 May 1986 on the question of

whether the Board erred in deciding that the facilities in question fall under federal jurisdiction.

The appeal was heard in Toronto on 12 January 1987. On 17 February 1987, the Federal Court of Appeal dismissed the application.

3. Chippewas of Sarnia Band

In May 1986, the Chippewas of Sarnia Band sought leave to appeal the Board's April 1986 decision authorizing Polysar Hydrocarbons Limited to build a pipeline across the St. Clair River. The Band sought leave to appeal on five grounds dealing with the fairness of the procedure used by the Board in considering the application and the correctness of the Board's decision in the light of the Chippewas' claim on land crossed by the pipeline.

On 8 December 1986, the Federal Court of Appeal dismissed the Band's application.

4. Flamborough Residents Against Propane

In September 1986, the Flamborough Residents Against Propane filed with the Supreme Court of Canada an application for leave to appeal the Federal Court of Appeal's decision of June 1986 that the Board had no jurisdiction to award costs. The matter was heard on 24 November 1986.

On 18 December 1986, the Supreme Court of Canada dismissed the application.

5. Westcoast Transmission Company Limited

On 3 October 1986, Westcoast filed with the Federal Court of Appeal an application pursuant to section 28 of the Federal Court Act requesting the court to review and set aside the Board's August 1986 decision on tolls effective January 1986. The company also filed with the Federal Court of Appeal an application for leave to appeal the Board's decision pursuant to section 18 of the NEB Act. (See also *Reviews*.)

6. Union Gas Limited and Consumers' Gas Company Ltd.

In February 1987, Union Gas Limited and Consumers' Gas Company Ltd. filed with the Federal Court of Appeal applications pursuant to section 28 of the Federal Court Act requesting the court

to review and set aside the Board's December 1986 decision and orders authorizing the construction by Cyanamid Canada Pipeline Inc. of a short pipeline in southern Ontario. (See also item 1 under *Recent Hearing Reports*.)

Energy Supply/Demand Update

A staff study entitled *Canadian Energy: Supply and Demand, 1985 - 2005* was released in December 1986. It contains projections of the Canadian supply of all major energy commodities, with emphasis on electricity, oil and natural gas, and the by-products of oil and natural gas, and the demand for Canadian energy in Canada and in export markets. The report reflects changing perceptions of future energy prices, economic activity, the availability of energy supplies, and changes in government policies. In conducting its study, Board staff benefitted from consultations with provincial governments, industry and other interested parties.

The study is available in the form of a detailed technical report of 352 pages, and in a summary report of 24 pages.

On 5 February 1987, the Board appeared before the House of Commons Standing Committee on Energy, Mines and Resources and presented the principal conclusions of the staff study.

Direct Purchases of Natural Gas

During the period 1 December 1986 to 28 February 1987, the Board approved some 30 applications for interim orders under subsections 16.1(2) and 59(2) of the Act, directing TransCanada to receive, transport and deliver natural gas.

The applications for final orders will be dealt with as part of the hearing on TransCanada's tolls. (See item 1 under *Hearing Decisions Pending*.)

Short-Term Exports of Natural Gas

Short-term export orders are issued by the Board to companies seeking authorization to export quantities of natural gas for periods not exceeding two years. During December 1986, the Board issued four orders for short-term exports. Since 1 January 1987, 22 orders have been issued by the Board.

Natural Gas Export Licences - Sunset Clauses

On 17 October 1986, the Board decided to consider the need to further extend "sunset clauses" in certain natural gas export licences issued in 1983. The clauses required exporters to file proof of United States authorizations for the import of the gas in question with the Board by 31 January 1987. Without the extensions, the export licences would become inoperative.

On 5 January 1987, the Board extended sunset clauses in licences held by KannGaz Producers Ltd., Pan-Alberta Gas Ltd., ProGas Ltd., Westcoast Transmission Company Limited, and TransCanada PipeLines Limited. Twelve licences in all were affected. These exporters now have until 1 November 1987 to file proof of U.S. import approvals.

However, the Board did not extend sunset clauses in five other licences held by either Canadian-Montana Pipe Line Co. or Columbia Gas Development of Canada Ltd. As well the Board deleted the sunset clause in a licence held by Union Gas and in one held by ProGas.

Submission to Federal Energy Regulatory Commission (FERC)

On 5 January 1987, the Board filed its views with the FERC about the potentially harmful impact of the Commission's Opinion 256 on long-term natural gas trade between Canada and the United States. This Opinion deals with the question whether or not Canadian gas exports should enter the United States "as billed", that is, at prices freely negotiated between sellers and buyers.

In Opinion 256, issued 8 December 1986, FERC ruled that certain Canadian approved demand charges, included as part of the export price negotiated between Canadian sellers and U.S. buyers, are not acceptable and must in future be excluded in order to secure the Commission's regulatory approval.

In the Board's view, implementation of this opinion would be inconsistent with the established practice whereby regulators in each country respect each other's regulatory decisions.

The Board also argued that costs related to the transmission of gas through the NOVA system should be treated by the Commission in the same manner as if the purchases were made from a regu-

lated intrastate pipeline in the U.S., that is, they should be accepted without alteration.

The Board requested that the Commission consider its submission in any future rehearing that might be held on this issue.

Trans Mountain Pipe Line Company Ltd. - Toll Application

In a Class 2 application dated 31 October 1986, Trans Mountain requested new tolls to become effective 1 January 1987 for transportation of crude oil and other liquid hydrocarbons. The company submitted amendments to this application dated 28 November, 12 December 1986 and 3 February 1987.

In December, the Board authorized interim tolls effective 1 January 1987. The application is currently under review.

Shell Pipeline Conversion

On 17 July 1986, Shell Canada Products Ltd. and Montreal Pipe Line Limited requested that the Board approve an application to lease part of an unused line of the Portland/Montreal pipeline system to Shell Canada Products Ltd., to convert it from crude oil to natural gas service and to reverse the direction of flow to carry the natural gas to export markets in the northeastern United States. After reviewing the information before it, the Board approved the application on 30 December 1986.

The approval of the Governor in Council is required to give effect to the Board's order approving the leasing of the pipeline by Shell, and to vary the oil pipeline certificate held by Montreal Pipeline Limited.

Third Party Crossings of Pipelines

In a letter dated 16 July 1986, the Board announced that it was considering revising its regulations governing the crossing of federally-regulated pipelines by third parties. These regulations cover crossings such as roads, railways, drainage systems, telephone and power lines, and other pipelines.

The draft regulations are in the final stages of development. Once accepted by the Board, the draft will be forwarded to pipeline companies and major utilities for comment and discussion.

International Power Line Crossing Regulations

The Board has prepared the first draft of its International Power Line Crossing Regulations. These regulations specify the technical standards to which crossings must be built while keeping the regulatory burden of utilities at a minimum. Interested parties were invited to submit comments on these draft regulations by 27 October 1986.

On 21 January 1987, the Board approved the regulations, subject to examination by the Department of Justice and approval by Governor in Council.

Part VI Regulations

On 26 June 1986, the Board issued for comment a proposed amendment to the Part VI Regulations that would increase the limits of new firm export orders for electricity from 50 to 60 MW and from 250 to 400 GW.h. For new interruptible energy and exchange, storage, adjustment and carrier transfer exports, the limit would be increased to 1000 GW.h. The term of these export orders would be three years. Respondents supported the proposed amendment.

On 4 September 1986, the Board approved the amendment, which is now subject to examination by the Department of Justice and approval by Governor in Council.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations will replace and combine the existing Oil Pipeline Regulations and Gas Pipeline Regulations. These regulations provide for the safe design, construction and operation of onshore oil and gas pipelines. The Board approved the Regulations in February 1986. They must be examined by the Department of Justice and approved by the Governor in Council before they become effective.

Based on its review of the recommendations relating to an accident on the Interprovincial pipeline system (see item 1 under *Reviews*), the Board ex-

pects to be further amending these regulations. The proposed changes will be submitted for comment by industry and other interested parties in late 1987.

2. Offshore Pipeline Regulations

On 20 December 1984 the Board issued for comment the first draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA preliminary standard, "CSA Z187, Offshore Pipeline Standard", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties were invited to submit comments on these regulations by 15 April 1985. Following a meeting with industry representatives on 18 April 1985, an industry task force was established to review these regulations. Based on their recommendations, a further draft is being prepared which will be submitted in the future for final comment by the task force and other interested parties, probably in the summer of 1987.

Improving Public Hearings

By letter dated 20 February 1987, the Board advised interested parties of its concern over the length of its public hearings. The Board proposed a number of steps that might be taken to improve the regulatory process and invited parties to submit their views by 31 March 1987.

Labour Canada Agreement

A Memorandum of Understanding has been entered into by the Board and Labour Canada, whereby the Board agrees to assume operational responsibilities under the Canada Labour Code.

The agreement became effective on 23 February 1987 and gives the Board operational responsibilities for matters of Occupational Safety and Health as covered in Part IV of the Labour Code. The agreement includes all pipelines under the Board's jurisdiction but excludes certain areas such as Head Offices and Regional Offices of the

pipeline companies which will continue to be the responsibility of Labour Canada.

Tariff Matters

Foothills Pipe Lines (Yukon) Ltd.

In a letter to the company dated 29 May 1986, the Board announced its intention to review the 16 percent rate of return on common equity allowed the company. In order to permit any change that might be made to this rate to be reflected in the amounts charged shippers as of 1 June 1986, Foothills' tolls were made interim as at that date. On 23 December 1986, the Board decided to reduce the rate of return on common equity from 16 percent to 14.25 percent, effective 1 June 1986.

Interprovincial Pipe Line (NW) Ltd.

In conjunction with its study of the company's provisional toll application dated 30 October 1986 for new provisional tolls to be effective 1 January 1987, the Board advised the company that it had decided to examine the continued appropriateness of the 16 percent rate of return on equity currently approved.

In December, the Board authorized interim tolls to be effective 1 January 1987. The Board is continuing its examination of the provisional toll application and the appropriateness of the 16 percent rate of return on equity.

Alberta Natural Gas Company Limited

The Board initiated a review of the company's approved cost rates for debt, rate of return on equity and the associated capital structure in the light of the recent trend in interest and inflation rates. Pending the outcome of its review, the Board made the company's existing tolls interim effective 1 August 1986.

On 23 December 1986, the Board decided that the forecast capitalization and the cost rates for debt were reasonable but that the rate of return on equity would be reduced from 15 to 13.25 percent.

On 15 January 1987, Alberta Natural applied to have its tolls regulated on a complaint basis. By letter dated 21 January 1987, the Board invited interested parties to submit their views on the company's

application by 12 February 1987 and Alberta Natural to submit its final comments by 23 February 1987.

Trans-Northern Pipelines Inc.

By letter dated 22 January 1987, the Board advised Trans-Northern that it had decided to review the tolls charged by the company with particular reference to the 15.75 percent rate of return on common equity allowed the company by the Board's decision of May 1985.

In order to permit any change that might be made to the company's tolls to be reflected in the amounts charged shippers as of 1 February 1987, Trans-Northern's tolls were made interim effective that date.

Work Force Adjustment at the Board

In view of the declining workload at the Board due to reduced regulation of the energy industry, the Board advised 74 employees on 23 February 1987 that their positions might be affected by a reduction in person-years. Of these, 65 employees are expected to be surplus to the Board's requirements. This reduction in person-years was decided on by the Board and was based on its opinion that the Board's mandate could be met with fewer staff.

Board Member Changes

On 24 February 1987, Mr. Claude Senneville was appointed a temporary Board Member and was named a member of the Panel that will conduct the Hydro-Québec hearing. (See also item 1 under *Hearings Scheduled*.)

Reports and Speeches

1. "Canadian Gas Exports and Export Policy", notes for an address by R. Priddle, Chairman, to the Executive Enterprises' 7th Annual National Gas Conference in Washington, D.C., 26 January 1987.
2. "Glossary of French-English Terminology Used at the National Energy Board." Revised edition dated January 1987.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 [Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900]

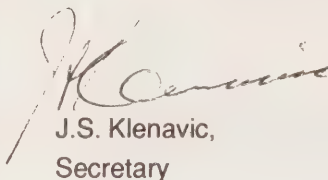
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If you are not already on the Board's mailing lists and wish to be added, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. (The Board's publications and mailing lists are discussed in Information Bulletin No. 5).

For those already on the Board's mailing lists, please provide notification of any change of ad-

dress. Please also inform the Secretary of any change in your telex or telecopy facilities or numbers.

NATIONAL ENERGY BOARD



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NATIONAL ENERGY BOARD



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REGULATORY AGENDA

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Ce document est également publié en français.

Issue No. 21

1 June 1987

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Preface

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions and information on the status of ongoing proceedings.

The Board's regulatory responsibilities under the National Energy Board Act include the licensing of oil, natural gas and electricity exports, the certification of international power lines and interprovincial and international pipelines, and the setting of tolls and tariffs for such pipelines.

The Board's responsibilities under the Northern Pipeline Act regarding the Canadian portion of the Alaska Natural Gas Transportation System relate mainly to tolls and tariffs, approval of pipe specifications, granting of leave to open orders, and regulation of the operation of the line.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1970, c.N-6. An Office Consolidation of the Act, dated March 1983, is available from the Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, K1A 0S9 (Price \$2.75; other countries \$3.30).

Hearing Matters

Recent Hearing Reports and Decisions

Since the 1 March 1987 edition of the Agenda, the following reports have been published by the Board following public hearings:

1. Alberta Northeast Gas Export Project - GH-1-87

Reasons for Decision dated March 1987, released 9 April. The Board issued four licences

(GL-102, 103, 104 and 105) authorizing the export of up to 61 billion cubic metres of natural gas to the northeastern United States over a 15-year period. In addition, two existing licences were revoked (GL-85 and GL-88), and one was amended (GL-84). Approved by Governor in Council on 7 May 1987 (P.C. 1987-934).

2. Sun Pipe Line Company Limited (Sun)
- MH-2-86

Reasons for Decision dated March 1987, released 28 April. The report pertains to an accident that occurred on the Sun pipeline system near Sarnia, Ontario in October 1986. An inquiry was held from 10 to 12 February 1987 in Sarnia.

3. Westcoast Transmission Company Limited (Westcoast) - RH-1-87

Reasons for Decision dated April 1987, released 7 May. The Board denied Westcoast's application concerning the toll to be paid on interruptible export sales of natural gas made by the company. Order TG-2-87 was issued to fix new interim tolls effective 1 April 1987.

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have been completed.

1. TransCanada PipeLines Limited (TransCanada) - RH-3-86

The hearing on TransCanada's revised tolls application, dated 14 July 1986, began on 30 September 1986 in Ottawa and ended on 27 February 1987.

The hearing also dealt with several other significant matters including the allocation for toll purposes of the approved cost of service of Trans Québec & Maritimes Pipeline Inc., the implementation of Operating Demand Volume methodology and related matters flowing from a previous Board decision on the availability of services provided by TransCanada (RH-5-85), and various applications for final orders under subsection 59(2) of the NEB Act, requiring TransCanada to provide transportation services for certain direct purchasers.

The Board expects to release its decision in June 1987.

2. Inquiry into the Regulation of Electricity Exports - EHR-1-86

A hearing into the federal regulation of electricity exports and international power lines was held starting in Ottawa on 24 November 1986 and continuing in Fredericton on 2 December and in Vancouver on 9 December, as part of the Board's response to a request from the Minister of Energy, Mines and Resources that the Board review and report on the federal regulation of electricity exports.

The Board's response to the Minister will be provided shortly. It will comprise a report of the Hearing Panel in EHR-1-86, outlining options and a report of the Board conveying recommendations and decisions.

3. Interprovincial Pipe Line Limited (Interprovincial) - RH-4-86

In an application dated 5 September 1986, Interprovincial requested new tolls to be charged for the transportation of crude oil and other liquid hydrocarbons. In December, the Board authorized interim tolls effective 1 January 1987.

The hearing on Interprovincial's toll application began on 2 December 1986 in Ottawa and ended on 4 March 1987.

During the hearing, the Board also examined the suitability of Interprovincial's proposed toll design methodology for propane service from Sarnia to Millgrove, Ontario and the appropriate toll design methodology related to the potential conversion of the Sarnia-to-Montreal portion of the Interprovincial line for the transportation of natural gas liquids.

The Board's report is expected to be issued in July 1987.

4. Hydro-Québec - EH-1-87

In an application dated 16 December 1985, Hydro-Québec requested a licence to export firm energy to New England utilities for up to 14 years starting 1 September 1990.

The hearing on Hydro-Québec's export application began on 17 March 1987 in Montreal and ended on 14 April 1987 in Ottawa.

The Board expects to release its decision in June 1987.

5. Natural Gas Surplus Determination Review
- GHR-1-87

By letter dated 29 October 1986, the Minister of Energy, Mines and Resources asked the Board, pursuant to section 22, Part II of the NEB Act, to advise him of the implications for its surplus determination procedures of changing conditions in Canadian natural gas markets and the action the Board was prepared to take on those procedures in view of the rapidly evolving market environment.

By letter dated 4 November 1986, the Board informed the Minister of its intention to undertake a comprehensive review of its established natural gas surplus determination procedures.

As part of the Board's review, a hearing was held in Ottawa from 13 to 16 April 1987, in Calgary from 21 to 24 April, and in Toronto from 5 to 8 May. The Board expects to release its decision during the summer.

Hearing in Progress

1. Westcoast Transmission Company Limited
(Westcoast) - RH-2-87

In an application dated 19 December 1986, as amended, Westcoast requested new tolls to become effective 1 January 1987 and 1 January 1988. On 30 December 1986, the Board decided that the new tolls applied for would be interim effective 1 January 1987, for final disposition following the toll hearing.

On 16 March 1987, the Board directed Westcoast to file new interim tolls effective 1 April 1987 to reflect the Board's decision concerning the disposition of revenues collected on the export interruptible sales toll. (See item 3 under *Hearing Reports and Decisions*.)

Phase 1 of the hearing on this application which began in Vancouver on 26 May 1987 and will continue in Ottawa on 9 June 1987, deals with toll design and tariff matters. Phase 2 will consider throughput, rate base, cost of service and rate of return issues and will commence in Vancouver beginning 11 August 1987.

Hearings Scheduled

The following hearings are scheduled to commence on the dates indicated:

1. Manitoba Hydro

In an application dated 20 January 1987, Manitoba Hydro requested a licence to export firm power and energy to the Northern States Power Company of Minneapolis, Minnesota.

By Order EH-2-87, dated 15 April 1987, the Board set down this application for hearing beginning 9 June 1987 in Winnipeg.

2. Trans Québec & Maritimes Pipeline Inc.
(TQM)

In an application dated 6 April 1987, as amended, TQM requested new tolls to become effective 1 January 1987 and 1 January 1988. On 19 December 1986 the Board had approved interim tolls, effective 1 January 1987, which TQM could charge until new tolls are authorized by the Board.

On 21 April 1987, the Board informed TQM that it would hold an oral hearing on rate of return and capital structure and that the other issues would be considered by means of written submissions. The Board will hear argument and rebuttal argument on all issues during the oral portion of the hearing. By Order RH-4-87, dated 12 May 1987, the Board set down this application for hearing beginning 28 September 1987 in Ottawa.

3. Trans-Northern Pipelines Inc.
(Trans-Northern)

In its application dated 11 March 1987, pursuant to a request from the Board, Trans-Northern applied for new tolls for the transportation of refined petroleum products effective 1 February 1987. In January the Board made Trans-Northern's existing tolls interim effective 1 February 1987.

By Order RH-3-87, dated 24 April 1987, the Board directed that it would deal with this application by means of written submissions from interested parties.

Applications Filed - No Dates Set for Hearing

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are still under review by the Board's staff, are on hold at the request of the applicant, or are deficient in terms of information so far supplied.

Company	Date of Application	Description
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta and Beaufort Sea
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System
4. Sulpetro Limited	14 March 1985	Amendment to Licence GL- 82 to extend the term and increase authorized exports
5. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to U.S. (Venture Project)
6. Alberta & Southern Company Ltd.	2 December 1985	Export of natural gas to Pacific Gas Transmission Company
7. TransCanada PipeLines Limited*	12 January 1987	Pipeline facilities to export gas at Iroquois and Niagara Falls, Ontario and Highwater, Québec.
8. Pan-Alberta Gas Ltd.	21 May 1987	Extension of Licence GL-96 to 2012 and increase in the authorized term quantity.

* By letter dated 5 February 1987, the Board informed TransCanada and parties to the TransCanada toll hearing that this facilities application would be considered in conjunction with related toll methodology issues and asked the company to file its proposed toll design methodology. On 4 March 1987, TransCanada filed a separate application under section 49 of the NEB Act for facilities required to accommodate the proposed Shell exports at Highwater, Québec as well as growth in the Gaz Métropolitain and Vermont Gas market areas. The application was conditionally approved by the Board on 30 April 1987, pending U.S. regulatory approval. By letter dated 20 May 1987, the Board informed TransCanada that the 12 January 1987 application will be considered in a public hearing in conjunction with the company's 23 March 1987 application for 1989 Niagara Line facilities related to the Ocean State Power exports and the 4 May 1987 application for 1988 Niagara Line facilities related to the ANE exports through Niagara Falls.

On the Horizon

In addition to the applications which have already been filed, the Board may be asked to consider the following major matters:

Company	Description
1. Manitoba Hydro	Certificate for new international power line and long-term firm power and energy exports to a group of U.S. utilities in Wisconsin and Minnesota (WISMINTOBA)
2. Sable Gas Systems Limited	Offshore and onshore pipeline facilities
3. Foothills Pipe Lines (Yukon) Ltd.	Tolls for short-term and interruptible service for natural gas

Non-hearing Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, and to authorize toll adjustments.

The following lists the status of applications received since the last Regulatory Agenda or pending at that time.

Reviews

1. Interprovincial Pipe Line Limited (Interprovincial)

By application dated 6 October 1986, Interprovincial requested a review of the Board's decision to adopt recommendation 5.9 made by the Board's panel investigating a fatal accident in 1985 on the company's pipeline near Camrose, Alberta. The recommendation requires pipeline companies under Board jurisdiction to remove all welds in certain circumstances and to check the soundness of a sample of welds in other circumstances.

On 23 October 1986, the Board decided to grant the review and sought the views of interested parties on the process to be followed for the review. Based on the information before it and on comments from interested parties and Interprovincial, the Board held a preliminary meeting with parties on 27 January 1987 in Calgary to discuss the procedure to be followed for the review.

It is now expected that once industry has compiled further data and completed its study, it may hold a technical conference. Subsequently it will submit its new evidence and argument to the Board for consideration. It is anticipated that the submission will be available during the fall of 1987. The Board will then conduct its review and has reserved its decision on whether to hold a public hearing for that purpose.

In a related matter, the Board invited industry to submit comments on all the recommendations other than recommendation 5.9. (See item 1 under *Amendments to Regulations*.)

2. Cyanamid Canada Pipeline Inc. (Cyanamid)

On 6 April 1987, Cyanamid applied for a review of the Board's December 1986 decision that it has jurisdiction over a short pipeline to be constructed by Cyanamid from its plant at Welland to the TransCanada pipeline at Black Horse Station, Ontario. It also requested that the question of jurisdiction be referred to the Federal Court of Appeal. On 10 April the Board invited interested parties to comment by 28 April. (See also item 3 under *Appeals*.)

On 29 May 1987, the Board decided to proceed with the review and to refer the issue of jurisdiction to the Federal Court of Appeal.

Appeals

Corporation of the Town of Flamborough and the Regional Municipality of Hamilton-Wentworth

On 7 February 1986, the Board received notice that the Town of Flamborough and the Regional Municipality of Hamilton-Wentworth had filed with the Federal Court of Appeal an application for leave to appeal the Board's December 1985 decision on the location by Interprovincial Pipe Line Limited of propane terminal facilities in the Flamborough, Ontario area. On 2 April 1986, the Federal Court of Appeal granted leave to appeal on two grounds relating to the imposition of terms and conditions in the Order, issued pursuant to section 49 of the NEB Act.

The appeal was heard in Toronto on 4 May 1987. The Court rendered its decision on 7 May 1987 and allowed the appeal. Paragraphs 12 to 15 of the Board's Order, setting forth specific conditions to be met by Interprovincial prior to granting of leave-to-open, were set aside and referred back to the Board for reconsideration.

2. Westcoast Transmission Company Limited

On 3 October 1986, Westcoast filed with the Federal Court of Appeal an application pursuant to section 28 of the Federal Court Act requesting the court to review and set aside the Board's August 1986 decision on tolls effective January 1986. The company also filed with the Federal Court of Appeal an application for leave to appeal the Board's decision pursuant to section 18 of the NEB Act.

On 30 March 1987, Westcoast withdrew its application for leave to appeal under section 18 of the NEB Act and advised the Board that it intended to discontinue its application under section 28 of the Federal Court Act.

3. Union Gas Limited, The Consumers' Gas Company Ltd., ICG Utilities (Ontario) Ltd., and the Minister of Energy for Ontario

In February 1987, Union Gas Limited and The Consumers' Gas Company Ltd. filed with the Federal Court of Appeal applications pursuant to section 28 of the Federal Court Act requesting the court to review and set aside the Board's December 1986 decision and orders authorizing the construction by Cyanamid Canada Pipeline Inc. of a short pipeline in southern Ontario. Both companies along with ICG Utilities (Ontario) Ltd. and the Minister of Energy for Ontario also filed with the Federal Court of Appeal applications for leave to appeal the Board's decision pursuant to section 18 of the NEB Act.

In early March 1987, Consumers' and the Minister of Energy for Ontario applied for a stay of the Board's decision and orders. On 16 March 1987, the Board granted a stay on an interim basis, pending a decision on the applications for a final stay.

In view of the findings of the Divisional Court of the Supreme Court of Ontario that bypass facilities within the Province of Ontario fall within provincial jurisdiction, all parties withdrew their applications for leave to appeal. For the same reason, Consumers' and the Minister of Energy for Ontario withdrew on 26 March 1987 their applications for a final stay of the Board's decision and orders. On 30 April 1987, the Lieutenant Governor of Ontario referred the matter of provincial jurisdiction over bypass facilities to the Court of Appeal of Ontario.

Direct Purchases of Natural Gas

During the period 1 March 1987 to 29 May 1987, the Board approved some 25 new applications for interim orders under subsections 16.1(2) and 59(2) of the Act, directing TransCanada PipeLines Limited to receive, transport and deliver natural gas.

TransCanada advised the Board by letter dated 10 April 1987 that it had altered conditions for contracting of transportation services and that the use of orders under subsection 59(2) should no longer be necessary in view of the new contracting conditions. By letter dated 27 April 1987, the Board directed TransCanada to provide a copy of its letter to parties to the tolls hearing and all holders of interim orders under subsection 59(2).

The applications for final orders will be dealt with as part of the hearing on TransCanada's tolls. (See item 1 under *Hearing Decisions Pending*.)

Short-Term Exports of Natural Gas

Short-term export orders are issued by the Board to companies seeking authorization to export quantities of natural gas for periods not exceeding two years. Since 1 March 1987, the Board has issued 18 orders for short-term exports.

On 29 May 1987, the Board revised its procedures for exporters of natural gas filing for short-term export orders. Effective 1 June 1987, these are conditioned so that natural gas deliveries must begin within six months from the date of commencement or the orders automatically expire.

KannGaz Producers Ltd. - Licence GL-77

In December 1986, KannGaz applied for additional export points under Licence GL-77. Interested parties were invited to comment on the application by 30 January 1987. Based on the information before it, the Board decided on 3 April 1987 to deny the application.

Alberta and Southern Gas Co. Ltd. - Contract Amendments

In an application dated 27 February 1987, Alberta and Southern requested the Board's approval of amendments to its gas sales contract with Pacific Gas Transmission Company under Licence GL-98. On the basis of the information before it, the Board approved the contract amendments on 3 April 1987.

TransCanada PipeLines Limited - Contract Amendments and Changes to Licences GL-86 and GL-87

In an application dated 30 March 1987, Western Gas Marketing Limited, as agent for TransCanada, applied to add a new sales contract for sales to Minnegasco, Inc. under existing Licences GL-86 and 87. In addition, the company requested the Board's approval of amendments to alter the term of these licences. Based on the information before it, the Board approved the addition of the new contract on 25 May 1987 and recommended Governor in Council approval of the licence amendments.

Trans Mountain Pipe Line Company Ltd. - Toll Application

In a Class 2 application dated 31 October 1986, as amended, Trans Mountain requested new tolls effective 1 January 1987 for the transportation of crude oil and petroleum products.

In December, the Board authorized interim tolls effective 1 January 1987. On 16 March 1987, the Board decided to increase the tolls by 10.6 percent, effective 1 January 1987. The increase reflected an increase in the cost of service compared with the level of 1986.

Trans Mountain Pipe Line Company Ltd. - Shipment of MTBE and Methanol

By letter dated 29 April 1987, Trans Mountain requested that the Board be given comprehensive authority to authorize and regulate the transmission of methyl tertiary butyl ether (MTBE) and methanol through the Trans Mountain pipeline on the same basis as oil. It suggested that a regulation change be made pursuant to section 89 of the NEB Act to designate as oil products MTBE and methanol resulting from the processing or refining of hydrocarbons. In addition, it requested that MBTE and methanol be exempt from provisions of Parts VI and VI.1 of the Act.

On 22 May 1987, interested parties were invited to submit comments on a draft regulation by 15 June 1987.

Third Party Crossings of Pipelines

In a letter dated 16 July 1986, the Board announced that it was considering revising its regulations governing the crossing of federally-regulated pipelines by third parties. These regulations cover crossings such as roads, railways, drainage systems, telephone and power lines, and other pipelines.

On 30 March 1987, the Board issued for comment the first draft of its regulations. Comments from pipeline companies and major utilities were due 22 May 1987 and are now under review.

International Power Line Crossing Regulations

The Board has prepared the first draft of its International Power Line Crossing Regulations. These regulations specify the technical standards to which crossings must be built while keeping the regulatory burden of utilities at a minimum. Interested parties were invited to submit comments on these draft regulations by 27 October 1986.

On 21 January 1987, the Board approved the regulations, subject to examination by the Department of Justice and approval by Governor in Council.

Part VI Regulations

On 26 June 1986, the Board issued for comment a proposed amendment to the Part VI Regulations that would increase the limits of new firm export orders for electricity from 50 to 60 MW and from 250 to 400 GW.h. For new interruptible energy and exchange, storage, adjustment and carrier transfer exports, the limit would be increased to 1000 GW.h. The maximum term of these export orders would remain at three years. Respondents supported the proposed amendment.

On 4 September 1986, the Board approved the amendment, which is now subject to approval by Governor in Council.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations will replace and combine the existing Oil Pipeline Regulations and Gas Pipeline Regulations. These regulations provide for the safe design, construction and operation of onshore oil and gas pipelines. The Board approved the Regulations in February 1986. Since that time, the Regulations have been undergoing a legal examination by the Department of Justice. The Board expects to have them republished later this year.

By letter dated 31 March 1987, the Board invited industry and other interested parties to comment on all the recommendations other than recommendation 5.9 (see item 1 under *Reviews*), which were included in the Board's report dated June 1986 on an accident on Interprovincial's system. The Board expects to receive these comments during the summer. It has deferred taking any further action on the recommendations until these comments have been received and studied. The Onshore Pipeline Regulations may be amended based on the Board's review of comments from parties.

2. Offshore Pipeline Regulations

On 20 December 1984, the Board issued for comment the first draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA preliminary standard, "CSA Z187, Offshore Pipeline Standard", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties were invited to submit comments on these regulations by 15 April 1985. Following a meeting with industry representatives on 18 April 1985, an industry task force was established to review these regulations. Based on their recommendations, a further draft is being prepared which will be submitted for final comment by the task force and other interested parties, probably in the summer of 1987.

Oil and Gas Pipeline Uniform Accounting Regulations

An Office Consolidation of the Oil Pipeline Uniform Accounting Regulations, dated February 1987, and of the Gas Pipeline Uniform Accounting Regulations, dated March 1987, are now available from the Board.

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the Rules of Practice and Procedure and Schedules. Although the revised Rules must be examined by the Department of Justice and published in the Canada Gazette, the Board has asked all parties to use them.

Improving Public Hearings

By letter dated 20 February 1987, the Board advised interested parties of its concern over the length of its

public hearings. The Board proposed a number of steps that might be taken to improve the regulatory process and invited parties to submit their views by 31 March 1987. Submissions were received from 40 parties, and a number of parties requested and were granted an extension to the filing date. Comments received are currently under consideration.

Tariff Matters

1. Interprovincial Pipe Line (NW) Ltd.

In conjunction with its study of the company's application dated 30 October 1986 for new provisional tolls to be effective 1 January 1987, the Board advised the company that it had decided to examine the continued appropriateness of the 16 percent rate of return on equity currently approved.

In December, the Board authorized interim tolls to be effective 1 January 1987. On 31 March 1987, the Board approved the new provisional tolls and decided that a review of the existing rate of return on equity was not required at this time.

By letter dated 3 April 1987, the Board invited interested parties to submit their views, by 1 May 1987, on the Board's proposal that it would regulate the company's tolls on a complaint basis. Final comments from the company were due 8 May 1987. These are now under review.

2. Alberta Natural Gas Company Limited

On 15 January 1987, Alberta Natural applied to have its tolls regulated on a complaint basis. By letter dated 21 January 1987, the Board invited interested parties to submit their views on the company's application by 12 February 1987 and Alberta Natural to submit its final comments by 23 February 1987.

On 16 March 1987, the Board decided that it would regulate Alberta Natural's tolls on a complaint basis, effective 22 April 1987.

3. Trans-Northern Pipelines Inc.

By letter dated 22 January 1987, the Board advised Trans-Northern that it had decided to review the tolls charged by the company with particular reference to the 15.75 percent rate of return on common equity allowed the company by the Board's decision of May 1985.

In order to permit any change that might be made to the company's tolls to be reflected in the amounts charged shippers as of 1 February 1987, Trans-Northern's tolls were made interim effective that date. (See item 3 under *Hearings Scheduled*.)

Reports and Speeches

1. "Exports of Petroleum Products in 1986". National Energy Board, April 1987.
2. "Exports of Crude Oil in 1986". National Energy Board, April 1987.
3. "Canadian and U.S. National Energy Policies", an address by A. Digby Hunt, Associate Vice-Chairman, to the Northeast International Committee on Energy Roundtable, on 23 April 1987 in Stamford, Connecticut.
4. "North American Energy Markets and Trade: Some Longer-Run Considerations", an address by Ralph F. Brooks, Vice-Chairman, to the Oil Daily and Oilweek Conference on Oil and Gas in North America, on 28 April 1987 in Calgary, Alberta.
5. The Board's 1986 Annual Report was tabled in Parliament on 30 April 1987. The report summarizes the Board's functions, responsibilities, and activities during the 1986 calendar year.
6. "Perspective on Propane", an address by R. Stuart Green, Gas Branch, to the 1987 Convention of the Propane Gas Association of Canada, on 1 May 1987 in Vancouver, British Columbia.
7. "Pipeline Safety: The Role of the National Energy Board", an address by J.R. Jenkins, Board Member, to the Canadian Petroleum Association and Canadian Standards Association Pipeline Conference, on 5 May 1987 in Calgary, Alberta.
8. "Government Regulation of Gas Exports", an address by A.B. Gilmour, Board Member, to the U.S. National Association of Petroleum Investment Analysts and Canadian Association of Petroleum Investment Analysts Joint Conference, on 21 May 1987 in Banff, Alberta.
9. "Market Sensitive Pricing - The First Six-Months", an address by Ralph F. Brooks, Vice-Chairman, to the Canadian Institute of Mining and Metallurgy Centennial Conference, on 19 May 1987 in Montréal, Québec.

10. "Canadian Natural Gas Export Policy - An Update", an address by J.R. Jenkins, Board Member, to the Executive Enterprises Seminar on Gas, on 28 May 1987 in Calgary, Alberta.

News Releases

Since 9 April 1987, all the Board's news releases are available in either official language through Info Globe's Key Government Documents Database. Requests for information on access to the system should be addressed to the electronic publishing division of the Globe and Mail in Toronto at (416) 585-5250.

New Telephone Numbers

The Board's Calgary office will be converting its telephone system in early June. As a result, the phone numbers of staff will be changed. Requests should be addressed to the main number (403) 292-6700.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 [Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900]

Mailing Lists

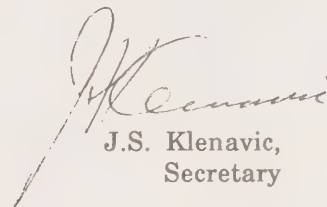
If you are not already on the Board's mailing lists and wish to be added, please write to the Secretary of the Board providing your mailing address and the

type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L2: Oil matters
- L3: Gas matters
- L4: Oil and gas matters
- L5: Electrical matters
- L6: Annual reports only
- L7: Press releases only
- L8: Regulatory agendas only

For those already on the Board's mailing lists, please provide notification of any change of address and inform the Secretary of any change in your tel-ex or telecopy facilities or numbers.

NATIONAL ENERGY BOARD



J.S. Klenavic,
Secretary

For copies of the
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Regulatory Support Office
(613) 998-7204

For information contact: Monique Deschênes
Information Services
(613) 998-7202



REGULATORY AGENDA

This document is also available in French.

Ce document est également publié en français.

Issue No. 22

1 September 1987

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Preface

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions and information on the status of ongoing proceedings.

The Board's regulatory responsibilities under the National Energy Board Act include the licensing of oil, natural gas and electricity exports, the certification of international power lines and of interprovincial and international pipelines, and the setting of tolls and tariffs for such pipelines.

Under the Northern Pipeline Act, the Board has responsibility for the Canadian portion of the Alaska Natural Gas Transportation System related mainly to tolls and tariffs, approval of pipe specifications, granting of leave to open orders, and regulation of the operation of the line.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the

National Energy Board Act, R.S.C. 1970, c.N-6. An Office Consolidation of the Act, dated March 1983, is available from the Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, K1A 0S9 (Price \$2.75; other countries \$3.30).

Hearing Matters

Hearing Reports and Decisions

Since the 1 June 1987 edition of the Agenda, the following reports have been published by the Board following public hearings:

1. TransCanada PipeLines Limited (TransCanada) - RH-3-86

Reasons for Decision dated May 1987, released 7 June. The report pertains to new tolls effective 1 July 1987, authorized by Order TG-3-87. In approving the new tolls, the Board also considered the period from 1 August 1986 to 30 June 1987 when interim tolls were in effect.

The report also deals with the implementation of an operating demand volume methodology and related matters flowing from a previous Board decision on the availability of services provided by TransCanada (RH-5-85), and various applications for final orders under subsection 59(2) of the NEB Act, requiring TransCanada to provide transportation services for certain direct purchases. (Refer also to *Reviews and Appeals*.)

2. Inquiry into the Regulation of Electricity Exports - EHR-1-86

The inquiry was conducted at the request of the Minister of Energy, Mines and Resources who asked that the Board review and report on the federal regulation of electricity exports.

The Board's response to the Minister was provided on 9 July 1987. It comprised a report of the hearing panel in EHR-1-86, outlining options, which was made public by the Minister on 16 July 1987, and a report of the Board conveying its conclusions and recommendations.

3. Interprovincial Pipe Line Limited (Interprovincial)-RH-4-86

Reasons for Decision dated June 1987, issued 4 August. The report pertains to new tolls for a 1987 test year. In the report, the Board sets out its decisions in the matter of Interprovincial's application but requires the company to file new tolls determined in accordance with Order TO-2-87 for subsequent review and approval by the Board.

The report deals with the Board's decisions regarding capacity surcharges for medium and heavy crudes, toll design for Interprovincial's proposed propane service in Ontario, and toll design for the potential conversion of the Montreal extension to accommodate natural gas liquids.

4. Hydro-Québec - EH-1-87

Reasons for Decision dated May 1987, released 18 June. The Board denied Hydro-Québec's application for a licence to export electric energy to utilities in the New England States.

The Board found that Hydro-Québec had not provided sufficient evidence to show that the electric energy it proposed to export would be surplus to Canadian needs and that the proposed export

price was just and reasonable. (See item 8 under *Applications Filed*.)

5. Trans-Northern Pipelines Inc. (Trans-Northern) - RH-3-87

Reasons for Decision dated July 1987, released 10 August. The report pertains to new tolls effective 1 September 1987, authorized by Order TO-3-87. These new tolls also apply to the interim period from 1 February to 31 August 1987.

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have been completed.

1. Natural Gas Surplus Determination Review - GHR-1-87

By letter dated 29 October 1986, the Minister of Energy, Mines and Resources asked the Board, pursuant to section 22, Part II of the NEB Act, to advise him of the implications for its surplus determination procedures of changing conditions in Canadian natural gas markets and the action the Board was prepared to take on those procedures in view of the rapidly evolving market environment.

By letter dated 4 November 1986, the Board informed the Minister of its intention to undertake a comprehensive review of its established natural gas surplus determination procedures.

As part of the Board's review, a hearing was held in Ottawa from 13 to 16 April 1987, in Calgary from 21 to 24 April, and in Toronto from 5 to 8 May. The Board expects to release its decision on 9 September 1987.

2. Manitoba Hydro - EH-2-87

In an application dated 20 January 1987, Manitoba Hydro requested a licence to export firm power and energy to the Northern States Power Company of Minneapolis, Minnesota.

The hearing on Manitoba Hydro's export application was held on 9 June 1987 in Winnipeg. The Board expects to release its decision in September 1987.

Hearing In Progress

- 1. Westcoast Transmission Company Limited (Westcoast) - RH-2-87

In an application dated 19 December 1986, as amended, Westcoast requested new tolls to become effective 1 January 1987 and 1 January 1988. On 30 December 1986, the Board decided that the new tolls applied for would be interim effective 1 January 1987, for final disposition following the toll hearing.

Phase 1 of the hearing dealt with toll design and tariff matters. It began in Vancouver on 26 May 1987 and continued in Ottawa on 9 June 1987. In Phase 2, the Board is considering throughput, rate base, cost of service and rate of return issues. It began in Vancouver on 11 August 1987 and is continuing in Ottawa on 1 September 1987.

The Board has received various applications for orders under subsections 59(2) and 59(3) of the Act, which if granted would require Westcoast to provide transportation services and to construct interconnection facilities. The Board is currently considering these applications.

Hearings Scheduled

The following hearings are scheduled to commence on the dates indicated:

- 1. Manitoba Oil and Gas Corporation (Manitoba Oil & Gas)

In an application dated 25 May 1987, Manitoba Oil & Gas requested orders directing TransCanada PipeLines Limited to transport natural gas and setting the tolls to be charged for the transportation service.

By Order MH-1-87, dated 27 July 1987, the Board set down this application for hearing beginning 9 September 1987 in Winnipeg.

- 2. Trans Québec & Maritimes Pipeline Inc. (TQM)

In an application dated 6 April 1987, as amended, TQM requested new tolls to become effective 1 January 1987 and 1 January 1988. On 19 December 1986 the Board had approved interim tolls, effective 1 January 1987, which TQM could charge until new tolls are authorized by the Board.

On 21 April 1987, the Board informed TQM that it would hold an oral hearing on rate of return and capital structure and that the other issues would be considered by means of written submissions. The Board will hear argument and rebuttal argument on all issues during the oral portion of the hearing. By Order RH-4-87, dated 12 May 1987, the Board set down this application for hearing beginning 28 September 1987 in Ottawa.

- 3. Foothills Pipe Lines (Yukon) Ltd. (Foothills)

In an application dated 15 June 1987, Foothills sought amendments to its natural gas transportation tariff to allow the introduction of interruptible service in response to recent requests for access to the pipeline by companies wishing to export natural gas.

By Order RH-5-87, dated 23 July 1987, the Board set down this application for hearing beginning 5 October 1987 in Ottawa.

- 4. TransCanada PipeLines Limited (TransCanada)

In an application dated 9 June 1987, TransCanada sought authorization to expand its natural gas pipeline system in southern Ontario and Québec to meet the needs of existing domestic and export markets and to deliver new licensed exports to the United States.

By Order GH-2-87, dated 21 July 1987, the Board directed that it would hear this application beginning 19 October 1987 in Ottawa. At the hearing, the Board will also consider the method of cost allocation for the new facilities and the toll design.

In an application dated 23 July 1987, KannGaz Producers Ltd. sought a Board order directing TransCanada to construct the facilities required to transport export volumes of natural gas for KannGaz to export markets in the United States. On 7 August 1987, the Board decided this application would be heard in conjunction with the TransCanada application.

Applications Filed - No Dates Set for Hearing

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either still under review by the Board's staff, on hold at the request of the applicant, or deficient in terms of information so far supplied.

Company	Date of Application	Description
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta
3. Foothills Pipe Lines(Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System
4. Sulpetro Limited	14 March 1985	Amendment to Licence GL-82 to extend the term and increase authorized exports
5. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to U.S. (Venture Project)
6. Alberta & Southern Company Ltd.	2 December 1985	Export of natural gas to Pacific Gas Transmission Company
7. Pan-Alberta Gas Ltd.	21 May 1987	Extension of Licence GL-96 to 2012 and increase in the authorized term quantity.
8. Hydro-Québec	7 August 1987	Export of electricity to New England utilities

On the Horizon

In addition to the applications which have already been filed, the Board may be asked to consider the following major matters:

Company	Description
1. Manitoba Hydro	Certificate for new international power line and long-term firm power and energy exports to a group of U.S. utilities in Wisconsin and Minnesota (WISMINTOBA)
2. Sable Gas Systems Limited	Offshore and onshore pipeline facilities
3. New Brunswick Electric Power Co.	Long-term firm power and energy exports from Tinker plant to U.S. utilities in Maine
4. Trans Mountain Pipe Line Company Ltd.	Certificate or order for new facilities to increase pipeline capacity and to enable better segregation of crude oil streams.

Non-hearing Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, and to authorize toll adjustments.

Since the 1 June 1987 edition of the Agenda, the following major matters have been considered by the Board.

Reviews

1. Interprovincial Pipe Line Limited (Interprovincial)

By application dated 6 October 1986, Interprovincial requested a review of the Board's decision to adopt recommendation 5.9 made by the Board's panel investigating a fatal accident in 1985 on the company's pipeline near Camrose, Alberta. The recommendation requires pipeline companies under Board jurisdiction to remove all welds in certain circumstances and to check the soundness of a sample of welds in others.

On 23 October 1986, the Board decided to grant the review and sought the views of interested parties on the process to be followed for the review. Based on the information before it and on comments from interested parties and Interprovincial, the Board held a preliminary meeting with parties on 27 January 1987 in Calgary to discuss the procedure to be followed for the review.

It is now expected that once industry has compiled further data and completed its study, it may hold a technical conference. Subsequently it will submit its new evidence and argument to the Board for consideration. It is anticipated that the submission will be available in late 1987. The Board will then conduct its review and has reserved its decision on whether to hold a public hearing for that purpose.

In a related matter, the Board invited industry to submit comments on all the recommendations other than recommendation 5.9. (See item 1 under *Amendments to Regulations*.)

2. Cyanamid Canada Pipeline Inc. (Cyanamid)

On 6 April 1987, Cyanamid applied for a review of the Board's December 1986 decision that it has

jurisdiction over a short pipeline to be constructed by Cyanamid from its plant at Welland to the TransCanada pipeline at Black Horse Station, Ontario. It also requested that the question of jurisdiction be referred to the Federal Court of Appeal. On 10 April the Board invited interested parties to comment by 28 April.

On 30 April 1987, the Lieutenant Governor of Ontario referred the matter of provincial jurisdiction over bypass facilities to the Court of Appeal of Ontario. The appeal will be heard beginning 4 November 1987.

On 29 May 1987, the Board decided to proceed with the review and decided on review to refer the issue of jurisdiction to the Federal Court of Appeal. The court has set 4, 5 and 6 November 1987 for the hearing of the reference.

3. Independent Petroleum Association of Canada (IPAC), Inland Cement Limited and Northridge Petroleum Marketing, Inc.

In mid-July 1987, the Board received applications from IPAC, Inland Cement and Northridge requesting the Board review portions of its May 1987 Decision with respect to interruptible tolls to be charged by TransCanada PipeLines Limited. On 20 July 1987, the Board made TransCanada's existing interruptible tolls interim pending the final disposition of the applications for review. (Refer to *Hearing Reports and Appeals*.)

Northridge in its application for review relied on a study it had commissioned. On 24 July 1987, the Board decided it would not proceed with the applications until all parties could consider the results of the study.

On 13 August 1987, the Board received the study requested from Northridge and invited parties to submit their views by 3 September 1987 and the Applicants to file any reply comments by 14 September 1987.

4. TransCanada PipeLines Limited (TransCanada)

In July 1987, TransCanada requested a clarification of Section 11.3.1 of the Board's May 1987 tolls decision, which deals with the operating demand volume reductions. On 23 July 1987, Union Gas Limited provided its comments on TransCanada's request.

On 30 July 1987, the Board decided that its decision as stated in Section 11.3.1 does not require clarification. However, the facts presented by TransCanada and Union raised a concern as to the correctness of the Board's decision. Accordingly, the Board decided to review its decision and invited parties to submit their views by 14 August 1987 and TransCanada to file any reply comments by 21 August 1987. Comments are now being examined.

Appeals

1. Corporation of the Town of Flamborough and the Regional Municipality of Hamilton-Wentworth

On 7 February 1986, the Board received notice that the Town of Flamborough and the Regional Municipality of Hamilton-Wentworth had filed with the Federal Court of Appeal an application for leave to appeal the Board's December 1985 decision on the location by Interprovincial Pipe Line Limited of propane terminal facilities in the Flamborough, Ontario area. On 2 April 1986, the Federal Court of Appeal granted leave to appeal on two grounds relating to the imposition of terms and conditions in the Order, issued pursuant to section 49 of the NEB Act.

The appeal was heard in Toronto on 4 May 1987. The Court rendered its decision on 7 May 1987 and allowed the appeal. Paragraphs 12 to 15 of the Board's Order, setting forth specific conditions to be met by Interprovincial prior to granting of leave-to-open, were set aside and referred back to the Board for reconsideration. At present, the Board is considering how it will proceed.

2. Independent Petroleum Association of Canada (IPAC)

On 16 July 1987, IPAC filed with the Federal Court of Appeal an application pursuant to section 18 of the NEB Act for leave to appeal the Board's May 1987 decision on interruptible tolls for TransCanada PipeLines Limited. IPAC also filed an application pursuant to section 28 of the Federal Court Act for an order of the court setting aside that portion of the Board's decision. IPAC advised the Board that it intended to request the court hold these applications in abeyance pending the outcome of its application for review before the Board. (Refer also to *Hearing Reports and Appeals*.)

3. Northridge Petroleum Marketing, Inc. and ENRON Canada Ltd.

In June 1987, the Board received notice that Northridge and ENRON had filed with the Federal Court of Appeal applications for leave to appeal the Board's decision contained in its letters of 26 May 1987 concerning complaints against Trans-Canada PipeLines Limited. Leave to appeal has been granted. (See item 1 under *Hearing Reports*.)

Short-Term Exports of Natural Gas

Short-term export orders are issued by the Board to companies seeking authorization to export quantities of natural gas for periods not exceeding two years. Since 1 June 1987, the Board has issued 20 orders for short-term exports.

Trans Mountain Pipe Line Company Ltd. - Shipment of MTBE and Methanol

By letter dated 29 April 1987, Trans Mountain requested that the Board be given comprehensive authority to authorize and regulate the transmission of methyl tertiary butyl ether (MTBE) and methanol through the Trans Mountain pipeline on the same basis as oil. It suggested that a regulation be made pursuant to section 89 of the NEB Act to designate MTBE and methanol resulting from the processing or refining of hydrocarbons for the purpose of the NEB Act except Parts VI and VI.1.

On 22 May 1987, interested parties were invited to submit comments of a draft regulation by 15 June 1987. The Board decided on 26 June 1987 to recommend to the Governor in Council that MTBE and methanol be designated as oil products as requested.

Third Party Crossings of Pipelines

In a letter dated 16 July 1986, the Board announced that it was considering revising its regulations governing the crossing of federally-regulated pipelines by third parties. These regulations cover crossings such as roads, railways, drainage systems, telephone and power lines, and other pipelines.

On 30 March 1987, the Board issued for comment the first draft of its regulations and invited pipeline companies and major utilities to submit their views by 22 May 1987. A number of companies and utilities requested and were granted an extension to the filing

date to 30 June 1987. Comments were reviewed by the Board.

By letter dated 10 August 1987, the Board issued a revised draft of these regulations. Any continuing major concerns of companies or utilities should be addressed to the Board by 30 September 1987.

International Power Line Crossing Regulations

The Board has prepared the first draft of its International Power Line Crossing Regulations. These regulations specify the technical standards to which crossings must be built and the conditions under which leave of the Board to make the crossings would not be required while keeping the regulatory burden of utilities at a minimum. Interested parties were invited to submit comments on these draft regulations by 27 October 1986.

On 21 January 1987, the Board approved the regulations, subject to examination by the Department of Justice and approval by Governor in Council.

Part VI Regulations

On 26 June 1986, the Board issued for comment a proposed amendment to the Part VI Regulations that would increase the limits of new firm export orders for electricity from 50 to 60 MW and from 250 to 400 GW.h. For new interruptible energy and equichange, storage, adjustment and carrier transfer exports, the limit would be increased to 1000 GW.h. The maximum term of these export orders would remain at three years. Respondents supported the proposed amendment.

On 4 September 1986, the Board approved the amendment, which became effective on Governor in Council approval of 20 August 1987.(P.C. 1987-1790)

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations will replace and combine the existing Oil Pipeline Regulations and Gas Pipeline Regulations. These regulations provide for the safe design, construction and operation of onshore oil and gas pipelines. The Board approved the Regulations in February 1986. Since that time, the Regulations have been

undergoing a legal examination by the Department of Justice. The Board expects to have them published later this year.

On 31 March 1987, the Board advised industry and other interested parties that it would seek their comments on all the recommendations other than recommendation 5.9 (see item 1 under *Reviews*), which were included in the Board's report dated June 1986 on an accident on Interprovincial's system. By letter dated 10 July 1987, the Board invited parties to comment on recommendations 5.1, 5.2, 5.4, 5.5 and 5.10 by 14 August 1987. Replies to comments are due in September 1987. The Board has deferred taking any further action on the remaining recommendations until these comments have been received and studied. The Onshore Pipeline Regulations may be amended based on the Board's review of comments from parties.

2. Offshore Pipeline Regulations

On 20 December 1984, the Board issued for comment the first draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA preliminary standard, "CSA Z187, Offshore Pipeline Standard", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties were invited to submit comments on these regulations by 15 April 1985. Following a meeting with industry representatives on 18 April 1985, an industry task force was established to review these regulations. Based on their recommendations, a further draft is being prepared which will be submitted for final comment by the task force and other interested parties.

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the Rules of Practice and Procedure and Schedules. Although the revised Rules must be examined by the Department of Justice and published in the Canada Gazette, the Board has asked all parties to use them.

Improving Public Hearings

By letter dated 20 February 1987, the Board advised interested parties of its concern over the length of its

public hearings. The Board proposed a number of steps that might be taken to improve the regulatory process and invited parties to submit their views by 31 March 1987. Submissions were received from 40 parties, and a number of parties requested and were granted an extension to the filing date.

Following the receipt of comments from interested parties, the Board issued on 30 June 1987 a letter to parties outlining its position and intentions with respect to measures within its purview for improving hearings and measures that require the cooperation and commitment of all parties.

Tariff Matters

1. Interprovincial Pipe Line (NW) Ltd.

On 3 April 1987, the Board invited interested parties to submit their views, by 1 May 1987, on the Board's proposal that it would regulate Interprovincial's Norman Wells pipeline tolls on a complaint basis. Final comments from the company were due 8 May 1987.

On 9 July 1987, the Board decided that it would regulate tolls for Interprovincial (NW) on a complaint basis, effective 9 July 1987.

Appointments

Mr. Robin Glass has been appointed Executive Director, effective 8 September 1987. Mr. Glass, who is a chartered accountant, was formerly the Director General, Natural Resources and Economic Development and Director General Constitutional Development and Strategic Planning in the Department of Indian Affairs and Northern Development.

The current Executive Director, Mr. Robert St. George Stephens, will remain with the Board for the next few months as Senior Advisor to the Chairman, to be followed by his retirement from the public service.

Reports and Speeches

1. "Canadian Electric Utilities: Analysis of Generation and Trends, 1985". National Energy Board, June 1987.
2. "Canadian Policy and Price Regulations", an address by A. Digby Hunt, Associate Vice-Chairman, to the American Bar Association Second Annual

Conference on Canada/U.S. Trade, on 5 June 1987 in New York, New York.

3. "Canadian Government Laws, Policy and Exports", an address by A.N. Karas, Director Electric Power Branch, to the American Bar Association Second Annual Conference on Canada/U.S. Trade, on 5 June 1987 in New York, New York.
4. "The Importance to Canada of Energy Exports", notes for an address by Jacques Farmer, Board Member, to the Canadian Electrical Association, on 28 June 1987 in Ottawa, Ontario.
5. "Glossary of French-English Terminology Used at the National Energy Board." Office Consolidation dated August 1987.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900)

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L2: Oil matters
- L3: Gas matters
- L4: Oil and gas matters
- L5: Electrical matters
- L6: Annual reports only
- L7: Press releases only
- L8: Regulatory agendas only

For those already on the Board's mailing lists, please provide notification of any change of address and inform the Secretary of any change in your telex or telecopy facilities or numbers.

NATIONAL ENERGY BOARD



J.S. Klenavic,
Secretary

For copies of the documents contact:
Regulatory Support Office
(613) 998-7204

For information contact:
Monique Deschênes
Information Services
(613) 998-7202



National Energy Board

Office national de l'énergie

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REGULATORY AGENDA

This document is also available in French.

Ce document est également publié en français.

Issue No. 23

1 December 1987

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Preface

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions and information on the status of ongoing proceedings.

The Board's regulatory responsibilities under the *National Energy Board Act* include the licensing of oil, natural gas and electricity exports, the certification of international power lines and of interprovincial and international pipelines, and the setting of tolls and tariffs for such pipelines.

Under the *Northern Pipeline Act*, the Board has responsibility for the Canadian portion of the Alaska Natural Gas Transportation System related mainly to tolls and tariffs, approval of pipe specifications, granting of leave to open orders, and regulation of the operation of the line.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the

National Energy Board Act, R.S.C. 1970, c.N-6. An Office Consolidation of the Act, dated March 1983, is available from the Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, K1A 0S9 (Price \$2.75; other countries \$3.30).

Hearing Matters

Recent Hearing Reports and Decisions

Since the 1 September 1987 edition of the Agenda, the following reports have been published by the Board following public hearings:

1. The Manitoba Hydro-Electric Board - EH-2-87

Reasons for Decision dated August 1987, issued 8 September. The Board granted a licence to Manitoba Hydro for the export of firm power and energy to Northern States Power Company of Minneapolis, Minnesota. Approved by Governor in Council on 24 September 1987 (P.C. 1987-2008).

2. Natural Gas Surplus Determination Review - GHR-1-87

In response to a request from the Minister of Energy, Mines and Resources, the Board undertook a comprehensive review of its established natural gas surplus determination procedures.

This review was conducted by the Board in plenary session. Input from interested parties was by written submission, and an oral hearing was held before one member in Ottawa, Calgary and Toronto during 12 days in April and May.

The Board's Reasons for Decision, dated July 1987, were released on 9 September.

The Board decided to adopt a new procedure (the "Market-Based Procedure") for determining the surplus of natural gas in Canada available for export. This replaced the previous Reserves to Production Ratio Procedure.

Under the Board's new procedure, market forces will be allowed to operate freely as long as they are serving Canadian needs adequately and fairly. The Board would intervene whenever it found that increased exports could cause the market difficulty in meeting Canadians' gas requirements.

There are two parts to the new procedure: one which would occur in the context of public hearings to consider applications for licences to export natural gas; the other which would involve monitoring on an ongoing basis.

3. Manitoba Oil and Gas Corporation - MH-1-87

Decision delivered by letter on 25 September 1987, with Reasons for Decision dated September 1987 released 19 October. The Board denied the application by Manitoba Oil and Gas for orders that would have directed TransCanada PipeLines Limited to transport natural gas and set the tolls to be charged for the transportation service. (See item 4 under *Appeals*.)

4. Interprovincial Pipe Line Limited - RH-4-87

In its Reasons for Decision dated June 1987 and issued 4 August, the Board required Interprovincial to file new tolls determined in accordance with

Order TO-2-87 for subsequent consideration and approval by the Board. An Addendum to the Reasons for Decision was released on 19 October. This supplementary report sets out the new tolls calculated by Interprovincial that were reviewed and approved by the Board.

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have been completed.

1. Westcoast Transmission Company Limited - RH-2-87

Phase 1 of the hearing on Westcoast's tolls application, dated 19 December 1986, dealt with toll design and tariff matters. It began in Vancouver on 26 May 1987 and continued in Ottawa on 9 June 1987. Phase 2 of the hearing dealt with throughput, rate base, cost of service and rate of return issues. It began in Vancouver on 11 August 1987 and ended in Ottawa on 25 September 1987.

The Board expects to release its decision in December 1987.

2. Trans Québec & Maritimes Pipeline Inc. - RH-4-87

The oral portion of the hearing on a toll application by Trans Québec and Maritimes, dated 6 April 1986, dealt with rate of return and capital structure. It began in Ottawa on 28 September 1987 and ended on 1 October 1987. All other issues were considered by means of written submissions.

The Board expects to release its decision in December 1987.

3. Foothills Pipe Lines (Yukon) Ltd. - RH-5-87

In an application dated 15 June 1987, Foothills sought amendments to its natural gas transportation tariff to allow the introduction of interruptible service in response to recent requests for access to the pipeline by companies wishing to export natural gas. The hearing began in Ottawa on 5 October 1987 and ended 9 October 1987.

The Board expects to release its decision in January 1988.

Hearing In Progress

1. TransCanada PipeLines Limited - GH-2-87

In an application dated 9 June 1987, TransCanada sought authorization to expand its natural gas pipeline system in central Canada to meet the needs of existing domestic and export markets and to deliver new licensed exports to the United States.

On 21 July 1987, the Board set the application down for hearing to commence 19 October 1987 in Ottawa; the Board indicated that it would also consider the method of cost allocation for the new facilities and the toll design.

In an application dated 23 July 1987, KannGaz Producers Ltd. sought a Board order directing TransCanada to construct the facilities required to transport export volumes of natural gas for KannGaz to export markets in the United States. On 7 August 1987, the Board decided this application would be heard in conjunction with the TransCanada application.

The Board postponed the commencement date of the hearing on 8 October 1987 pending consideration of a motion by Champlain Pipeline Project. Champlain requested that the Board defer hearing that portion of the application relating to exports projected to commence in 1989 at Niagara Falls and Iroquois, Ontario, until such time as the Board and other parties are informed of all pipeline projects involving new facilities required for gas service in the northeastern United States.

On 20 October 1987, the Board denied Champlain's motion and decided to proceed with the hearing on 16 November 1987 in Ottawa.

Hearings Scheduled

The following hearings are scheduled to commence on the dates indicated:

1. Hydro-Québec

In an application dated 7 August 1987, Hydro-Québec requested a licence to export firm energy to New England Utilities for up to 14 years starting in 1990. The licence applied for is similar to one requested earlier by Hydro-Québec and denied by the Board in a decision issued on 18 June 1987.

By Order AO-1-EH-3-87, dated 30 October 1987, the Board set down this application for hearing beginning in Montreal on 1 December 1987.

2. Trans Mountain Pipe Line Company Ltd.

In an application dated 21 September 1987, Trans Mountain sought authorization to expand its oil pipeline system in British Columbia and Alberta and approval of changes to toll design.

By Order OH-1-87, dated 26 November 1987, the Board set down this application for hearing beginning 9 February 1988 in Vancouver.

Applications Filed - No Dates Set for Hearing

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either still under review by the Board's staff, on hold at the request of the applicant, or deficient in terms of information so far supplied.

Company	Date of Application	Description
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System
4. Sulpetro Limited	14 March 1985	Amendment to Licence GL-82 to extend the term and increase authorized exports
5. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to U.S. (Venture Project)
6. Alberta & Southern Company Ltd.	2 December 1985	Export of natural gas to Pacific Gas Transmission Company
7. Pan-Alberta Gas Ltd.	21 May 1987	Extension of Licence GL-96 to 2012 and increase in the authorized term quantity
8. Hydro-Québec	29 June 1987 Amended on 28 October 1987	Export of firm electric power to Vermont Joint Owners
9. Maine and New Brunswick Electrical Power Company, Ltd.	17 September 1987	Export of firm electric power and energy to Maine

Company	Date of Application	Description
10. Ocelot Gas Marketing Inc.	30 October 1987	Export of natural gas to U.S. subsidiary, Ocelot Gas Marketing (U.S.)

On the Horizon

In addition to the applications which have already been filed, the Board may be asked to consider the following major matters:

Company	Description
1. Manitoba Hydro	Certificate for new international power line and long-term firm power and energy exports to a group of U.S. utilities in Wisconsin and Minnesota (WISMINTOBA)
2. Sable Gas Systems Limited	Offshore and onshore pipeline facilities
3. Ontario Hydro	Power export
4. Interprovincial Pipe Line Limited	Expansion of pipeline's capacity in Western Canada

Non-hearing Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, and to authorize toll adjustments.

Since the 1 September 1987 edition of the Agenda, the following major matters have been considered by the Board.

Reviews

1. Interprovincial Pipe Line Limited

By application dated 6 October 1986, Interprovincial requested a review of the Board's decision to adopt recommendation 5.9 made by the Board's panel investigating a fatal accident in 1985 on the company's pipeline near Camrose, Alberta. The recommendation requires pipeline companies under Board jurisdiction to remove all welds in certain circumstances and to check the soundness of a sample of welds in others.

On 23 October 1986, the Board decided to grant the review and sought the views of interested parties on the process to be followed for the

review. Based on the information before it and on comments from interested parties and Interprovincial, the Board held a preliminary meeting with parties on 27 January 1987 in Calgary to discuss the procedure to be followed for the review.

In a related matter, the Board invited industry to submit comments on all the recommendations other than recommendation 5.9. (See item 1 under *Amendments to Regulations*.)

Industry has made written submissions to the Board on six of the other recommendations in early October 1987, and will make written submissions on the remainder of the recommendations by early 1988. Because industry's submission to the review of recommendation 5.9 is dependent upon the Board's decision on several of the other recommendations, industry has decided to delay some of its field studies until the summer of 1988. On completion of its field studies, industry may hold a technical conference and will subsequently submit its new evidence and argument to the Board for consideration. It is anticipated that the submission will be available in the early fall of 1988. The Board will then conduct its review and has reserved its decision on whether to hold a public hearing for that purpose.

2. Cyanamid Canada Pipeline Inc.

On 6 April 1987, Cyanamid applied for a review of the Board's December 1986 decision that it had jurisdiction over a short pipeline to be constructed by Cyanamid from its plant at Welland to the TransCanada pipeline at Black Horse Station, Ontario. It also requested that the question of jurisdiction be referred to the Federal Court of Appeal. On 10 April the Board invited interested parties to comment by 28 April.

On 29 May 1987, the Board decided to proceed with the review and to refer the issue of jurisdiction to the Federal Court of Appeal. The court heard the reference on 4, 5, and 6 November 1987. On 27 November 1987, it ruled that the Board does not have jurisdiction over the pipeline.

Meanwhile, on 30 April 1987, the Lieutenant Governor of Ontario referred the matter of provincial jurisdiction over bypass facilities to the Court of Appeal of Ontario. That appeal was heard beginning 4 November 1987, and the court reserved its decision.

3. Independent Petroleum Association of Canada (IPAC), Inland Cement Limited and Northridge Petroleum Marketing, Inc.

In mid-July 1987, the Board received applications from IPAC, Inland Cement and Northridge requesting the Board to review portions of its May 1987 decision with respect to interruptible tolls to be charged by TransCanada PipeLines Limited. On 20 July 1987, the Board made TransCanada's existing interruptible tolls interim pending the final disposition of the applications for review. (Refer to item 2 under *Appeals*.)

Based on the information before it and on comments from interested parties and the Applicants, the Board decided on 29 October 1987 to deny the application for a review.

4. TransCanada PipeLines Limited

In July 1987, TransCanada requested a clarification of Section 11.3.1 of the Board's May 1987 tolls decision, which deals with operating demand volume reductions. On 23 July 1987, Union Gas Limited provided its comments on TransCanada's request.

On 30 July 1987, the Board decided that its decision as stated in Section 11.3.1 did not require clarification. However, the facts presented by TransCanada and Union raised a concern as to the correctness of the Board's decision. Accordingly, the Board decided to review its decision and invited parties to submit their views by 14 August 1987 and TransCanada to file any reply comments by 21 August 1987.

After considering the submissions of interested parties, the Board decided that the existing wording in Section 11.3.1 could result in the discriminatory treatment of different gas supplies. On 10 September 1987, it issued Order TG-5-87 altering the wording in Section 11.3.1.

5. TransCanada PipeLines Limited

In the most recent TransCanada toll decision (RH-3-86), the Board directed TransCanada to file the tariff amendment required to allow shippers using the TransCanada system to begin supplying their own fuel gas by 1 November 1987. Order AO-1-TG-3-87 required TransCanada to call for tenders on the supply of fuel gas not supplied by shippers.

On 14 October 1987, TransCanada proposed a revised procedure for shippers providing their own fuel and requested the Board to review and rescind its decision on tendering for fuel under RH-3-86 and its Order AO-1-TG-3-87.

On 16 October 1987, the Board approved TransCanada's proposal for the months of November and December and invited parties to submit their views on the revised procedure and application for review by 2 November 1987. Based on the information before it and on submissions from interested parties, the Board decided on 26 November 1987 to rescind Order AO-1-TG-3-87 and to re-examine the need for tendering at TransCanada's next toll hearing.

6. Inland Natural Gas Co. Ltd.

By application dated 16 November 1987, Inland Natural Gas requested a review and rehearing of the Board's Order MO-30-87 directing Westcoast Transmission Company Limited to provide facilities and transportation service to Northwood Pulp and Timber Limited.

On 23 November 1987, the Board directed Inland Natural Gas to serve a copy of its application on parties to the original proceeding. Parties have 20 days from the receipt of the application to file with the Board and serve upon the applicant and all other parties their answers. Inland Natural Gas may file a reply within 10 days after receipt of the answers.

Appeals

1. Corporation of the Town of Flamborough and the Regional Municipality of Hamilton-Wentworth

On 7 February 1986, the Board received notice that the Town of Flamborough and the Regional Municipality of Hamilton-Wentworth had filed with the Federal Court of Appeal an application for leave to appeal the Board's December 1985 decision on the location by Interprovincial Pipe Line Limited of propane terminal facilities in the Flamborough, Ontario area. On 2 April 1986, the Federal Court of Appeal granted leave to appeal on two grounds relating to the imposition of terms and conditions in the Order, issued pursuant to section 49 of the NEB Act.

The appeal was heard in Toronto on 4 May 1987. The court rendered its decision on 7 May 1987 and

allowed the appeal. Paragraphs 12 to 15 of the Board's Order, setting forth specific conditions to be met by Interprovincial prior to granting of leave-to-open, were set aside and referred back to the Board for reconsideration. (Refer to *Interprovincial - Revocation of Order* on page 7.)

2. Independent Petroleum Association of Canada (IPAC)

On 16 July 1987, IPAC filed with the Federal Court of Appeal an application pursuant to section 18 of the NEB Act for leave to appeal the Board's May 1987 decision on interruptible tolls for TransCanada PipeLines Limited. IPAC also filed an application pursuant to section 28 of the Federal Court Act for an order of the court setting aside that portion of the Board's decision. (Refer also to *Reviews*.)

On 11 November 1987, IPAC notified the Federal Court of Appeal that it no longer wished to proceed with its application pursuant to section 28 of the Federal Court Act. IPAC also filed with the court, on 13 November 1987, a Notice of Discontinuance of its application for leave to appeal the Board's decision of May 1987.

3. Northridge Petroleum Marketing, Inc. and ENRON Canada Ltd.

In late June 1987, Northridge and ENRON filed with the Federal Court of Appeal applications for leave to appeal the Board's decision contained in its letters of 26 May 1987 concerning complaints against TransCanada PipeLines Limited.

In the complaints, Northridge and Enron raised concerns about the tolls charged by TransCanada for gas sold under competitive marketing program agreements. In its decision, the Board had advised that this matter was already before the Board in the TransCanada toll hearing and that it was not prepared to determine, in advance, the questions raised by the complaints.

On 18 August 1987, the Federal Court of Appeal granted leave to appeal. The appeal documentation is being prepared.

4. Manitoba Oil and Gas Corporation

On 18 November 1987, Manitoba Oil and Gas filed with the Federal Court of Appeal a Notice of Motion for Leave to Appeal the Board's decision of

September 1987 denying the Corporation orders that would have directed TransCanada PipeLines Limited to transport natural gas for it. (See item 3 under *Recent Hearing Reports*.)

Energy Supply/Demand Update

The Board last published its projections of Canadian energy supply and demand in October 1986 in a staff report entitled *Canadian Energy Supply and Demand: 1985-2005*.

Board staff will be updating its projections during 1988, separate from any of the Board's current or anticipated regulatory proceedings. It is expected that the staff's report on the outlook for the period 1987 to 2005 will be published in the fall of 1988.

Formal views are not being solicited, but any party interested in making its views known to Board staff, should submit them in writing to the Secretary (2 copies marked "NEB Staff Supply/Demand Update 1988"), preferably not later than mid-February 1988. Any such written views will be made publicly available in the Board's library in Ottawa, and at its Calgary office.

Short-Term Exports of Natural Gas

Short-term export orders are issued by the Board to companies seeking authorization to export quantities of natural gas for periods not exceeding two years. Since 1 September 1987, the Board has issued 22 orders for short-term exports.

Natural Gas Export Licences - Sunset Clauses

On 23 July 1987, the Board decided to consider the need to further extend "sunset clauses" in certain natural gas export licences issued in 1983. The clauses required exporters to file proof of United States authorizations for the import of the gas in question with the Board by 1 November 1987. Without the extensions, the export licences would become inoperative.

The Board accepted proof of U.S. import authorizations filed by KannGaz Producers Ltd. and TransCanada PipeLines Limited with respect to Licences GL-77 and GL-86 and 87, respectively. On 22 October 1987, the Board extended sunset clauses in licences held by Pan-Alberta Gas Ltd. (GL-95), ProGas Ltd. (GL-80 and 81), Westcoast Transmission Company Limited (GL-93 and 94), and TransCanada (GL-84 and 90). These exporters now

have until 1 November 1988 to file proof of U.S. import approvals.

Westcoast Transmission Company Limited - Declaratory Order

By letter dated 3 September 1987, Westcoast filed with the Board an application for a declaratory order, pursuant to Section 11 of the NEB Act, pertaining to the pipeline system which it owns and operates.

On 18 September 1987, the Board advised Westcoast that it would seek the comments of parties to the company's tolls hearing, of Northwest Pipeline Corporation and of the latter's customers on the facts relied upon by Westcoast and the declaratory findings requested in the application. Comments were received from eleven parties. Westcoast filed its reply comments on 30 October 1987.

Based on the information before it, the Board decided on 30 November 1987 to issue a letter on its findings, pertaining to the Westcoast pipeline system.

Interprovincial Pipe Line Limited - Revocation of Order for Proposed Flamborough Facilities

The Board first issued an order to Interprovincial allowing it to locate propane terminal facilities in the Flamborough area in May 1983. In response to concerns later raised by local authorities and landowners, the Board held public hearings in Burlington, Oakville and Ottawa, Ontario. In January 1986, the Board affirmed its earlier decision on the location of the proposed propane facilities.

The Board's decision was appealed by the Town of Flamborough and the Regional Municipality of Hamilton-Wentworth, and certain conditions in the order were set aside and referred back to the Board for reconsideration in mid-1987. (See item 1 under *Appeals*.) Before dealing with these conditions, the Board decided to obtain a status report on the proposed propane project from Interprovincial.

On 4 September 1987, the Board asked Interprovincial whether it intended to proceed with the proposed propane project. In its letter dated 1 October 1987, Interprovincial indicated that based on the response of potential propane users it would not proceed with the propane project "at this time".

The Board informed Interprovincial on 9 October 1987 that it was considering revoking the order held by the company. Based on Interprovincial's response that it

would accept the Board's decision without further comment, the Board decided on 29 October 1987 to revoke the order.

Interprovincial Pipe Line Limited - Allocation of Pipeline Space

By letter dated 7 October 1987, Interprovincial filed with the Board an application to modify the procedure it uses to allocate pipeline space on its system.

The proposed apportionment procedure is similar in its operation to that being used currently except that there would be no distinction between crude tenders and product or natural gas liquids tenders. The combined tenders would be allocated on the basis of the total capacity of the pipeline system's three lines.

On 23 October 1987, the Board invited interested parties to comment by 5 November 1987. Interprovincial has until 15 December 1987 to file its views with the Board on submissions received from interested parties.

Regulations Pertaining to Third Party Crossings of Pipelines

In a letter dated 16 July 1986, the Board announced that it was considering revising its regulations governing the crossing of federally-regulated pipelines by third parties. These regulations cover crossings such as roads, railways, drainage systems, telephone and power lines, and other pipelines.

On 30 March 1987, the Board issued for comment the first draft of its regulations and invited pipeline companies and major utilities to submit their views by 22 May 1987. A number of companies and utilities requested and were granted an extension to the filing date to 30 June 1987. Comments were reviewed by the Board.

By letter dated 10 August 1987, the Board issued a revised draft of these regulations. Any continuing major concerns of companies or utilities were to be addressed to the Board by 30 September 1987. Those comments have now been received and a third draft has been prepared and is being submitted to the Department of Justice for examination.

Regulations Pertaining to Crossings Involving International Power Lines

Following receipt of comments from interested parties on draft "International Power Line Crossing Regulations", the Board approved a new draft.

On advice from the Department of Justice, the regulations were divided into two sets of regulations, as follows:

1. International Power Line Crossings, Construction and Abandonment Regulations

These regulations specify a company's responsibilities in the areas of crossing records, abandonment of crossings, and reporting of incidents. The regulations are subject to examination by the Department of Justice and approval by the Governor in Council.

2. International Power Line Crossings Regulations

These regulations specify the technical standards to which crossings involving international power lines and other utilities must be built. The regulations have been approved by the Board in principle and are subject to examination by the Department of Justice prior to implementation.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations will replace and combine the existing Oil Pipeline Regulations and Gas Pipeline Regulations. These regulations provide for the safe design, construction and operation of onshore oil and gas pipelines. The Board approved the Regulations in February 1986. Since that time, the Regulations have been undergoing examination by the Department of Justice. The Board expects to have them published early next year.

The Onshore Pipeline Regulations may be amended based on the Board's review of comments from industry and other interested parties on all the recommendations other than recommendation 5.9 (see item 1 under *Reviews*), which were included in the Board's report dated June 1986 on an accident on Interprovincial's system. By letter dated 10 July 1987, the Board invited parties to comment on recommendations 5.1 to 5.5 and 5.10 by 14 August 1987. In response to a request from industry, the Board delayed its call for comments to 15 October 1987.

Replies to comments were due by 12 November 1987. The Board has deferred taking any further action on the remaining recommendations until these comments have been studied.

2. Offshore Pipeline Regulations

On 20 December 1984, the Board issued for comment the first draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA preliminary standard, "CSA Z187, Offshore Pipeline Standard", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties were invited to submit comments on these regulations by 15 April 1985. Following a meeting with industry representatives on 18 April 1985, an industry task force was established to review these regulations. Based on their recommendations, a further draft is being prepared which will be submitted for final comment by the task force and other interested parties.

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the Rules of Practice and Procedure and schedules. Although the revised Rules must be examined by the Department of Justice and published in the Canada Gazette, the Board has asked all parties to use them.

Tariff Matters

1. Greater Winnipeg Gas Company and ICG Utilities (Manitoba) Ltd.

The two companies applied jointly on 3 July 1987 for operating demand relief in respect of two end users who had opted for interruptible service on the TransCanada system.

In its decision on TransCanada (RH-3-86), the Board stated that it was prepared to consider requests for OD relief in respect of interruptible direct purchases on a case-by-case basis. This application was the first case considered by the Board since that decision.

Based on the facts presented to it, the Board denied OD relief to Greater Winnipeg and granted OD relief to ICG (Manitoba) for an amount somewhat lower than applied for.

. Trans Mountain Pipe Line Company Ltd.

By an application dated 6 October 1987, Trans Mountain applied to the Board for a Class 1 toll adjustment because throughputs were projected to fall short of the approved forecast. The Board approved new tolls, effective 20 October 1987.

By a Class 2 application filed 30 October 1987, Trans Mountain is seeking approval of new tolls to become effective 1 January 1988. A decision is expected in late December 1987.

. Interprovincial Pipe Line Limited

By a Class 2 application filed 3 October 1987, Interprovincial is seeking approval of new tolls to become effective 1 January 1988. A decision is expected in late December 1987.

Board Member Changes

On 13 November 1987, Mr. John R. Jenkins was reappointed a member of the Board for a one-year term. He was initially appointed a Member of the Board in 1980.

Mr. Jean-Guy Fredette was appointed Vice-Chairman of the Board effective 7 December 1987. Mr. Fredette comes from Monenco Limited, where he was the Vice-President of Corporate Affairs.

Mr. R.F. Brooks' term expired on 28 November 1987. He joined the Board in 1968 as Assistant Chief Engineer (Electric Power) and in 1972 he was made Director General, Planning. He was appointed a member of the Board in 1973 and was designated Associate Vice-Chairman in 1978 and Vice-Chairman in 1980.

Reports and Speeches

1. "Canadian Power Imports - A Canadian's Point of View", an address by Alex Karas, Director of Electric Power Branch, to the 1987 Utility Women's Conference, on 16 September 1987 in Wheeling, West Virginia.

2. "The National Energy Board's Responsibility in Natural Gas Markets", a presentation by R. Priddle, Chairman, to the Ontario Natural Gas Association, 61st Annual Conference, on 17 September 1987 in Toronto, Ontario.

3. "Ontario Oil Supply Logistics, 1986-2005". Staff report dated September 1987. The report outlines the assumptions, methods and results of the staff's enquiries into the costs of importing foreign crude oil into Ontario.

4. "Moving Towards Open-Access Natural Gas Pipelines in Canada", an address by A.D. Hunt, Associate Vice-Chairman, to the 1987 Annual Meeting of the Industrial Gas Users Association, on 4 November 1987 in Ottawa, Ontario.

5. "Canada's Electric Power Export Potential", an address by Mark Segal, Director of Economics Branch, to the International Association of Energy Economists, on 13 November 1987 in Washington, D.C.

6. "United States-Canada Cross Border Energy Eddies", an address by Ralph F. Brooks, Vice-Chairman, to the National Association of Regulatory Utilities Commissioners, on 16 November 1987 in New Orleans, Louisiana.

7. "Canada's New Natural Gas Export Policy", an address by W.G. Stewart, Board Member, to the Executive Enterprises, Inc. Conference on Marketing Canadian Natural Gas in the United States, on 18 November 1987 in San Francisco, California.

8. A statement by R. Priddle, Chairman, to the House of Commons Committee on Energy, Mines and Resources in Ottawa on 18 November 1987.

9. Breakdown of Regulatory Documents, a document dated 30 November 1987, which lists the documents under which the Board operates, with a brief narrative description of each.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900).

Mailing Lists

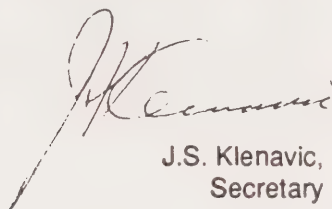
If you are not already on the Board's mailing lists and wish to be added, please write to the Secretary of the Board providing your mailing address and the type of

material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everthing the Board issues
- L2: Oil matters
- L3: Gas matters
- L4: Oil and gas matters
- L5: Electrical matters
- L6: Annual reports only
- L7: Press releases only
- L8: Regulatory agendas only

For those already on the Board's mailing lists, please provide notification of any change of address and inform the Secretary of any change in your telex or telecopy facilities or numbers.

NATIONAL ENERGY BOARD



J.S. Klenavic,
Secretary

For copies of the documents contact: Regulatory Support Office
(613) 998-7204

For information contact: Monique Deschênes
Information Services
(613) 990-3166



REGULATORY AGENDA

This document is also available in French.

Ce document est également publié en français.

Issue No. 24

1 March 1988

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Preface

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

The Board's regulatory responsibilities under the *National Energy Board Act* include the licensing of oil, natural gas and electricity exports, the certification of international power lines and of interprovincial and international pipelines, and the setting of tolls and tariffs for such pipelines.

Under the *Northern Pipeline Act*, the Board has responsibility for the Canadian portion of the Alaska Natural Gas Transportation System related mainly to tolls and tariffs, approval of pipe specifications, granting of leave to open orders, and regulation of the operation of the line.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1970, c.N-6. An Office Consolidation of the Act, dated March 1983, is available from the Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, K1A 0S9 (Price \$2.75; other countries \$3.30).

Hearing Matters

Recent Hearing Reports and Decisions

Since the 1 December 1987 edition of the Agenda, the following reports have been published by the Board following public hearings:

1. Westcoast Transmission Company Limited - RH-2-87

Reasons for Decision dated November 1987, released on 10 December 1987. Order TG-7-87 was issued prescribing new tolls to be charged by Westcoast Transmission Company Limited for the transportation of natural gas to domestic and export markets in 1987 and 1988.

2. Trans Québec & Maritimes Pipeline Inc. - RH-4-87

Reasons for Decision dated November 1987, released 14 December 1987. Order TG-8-87 was issued to fix new tolls effective 1 January 1987 and 1 January 1988.

3. Foothills Pipe Lines (Yukon) Ltd. - RH-5-87

Reasons for Decision dated December 1987, released on 12 January 1988. Order TG-10-87 was

issued amending natural gas transportation tariff to allow the introduction of interruptible service on its pipeline in Saskatchewan.

4. Hydro-Québec - EH-4-87

Decision released on 20 January 1988 with Reasons to follow. The Board granted Licence EL-175 to Hydro-Québec for the export of up to 50 megawatts of firm power and 438 gigawatt hours annually of firm energy to Vermont Joint Owners for the period 1 March 1988 to 31 October 1990. (P.C. 1988-245)

5. Hydro-Québec - EH-3-87

Decision released on 25 January 1988 with Reasons to follow. The Board granted Licence EL-176 to Hydro-Québec for the export of up to 70 terawatt hours of firm energy to the New England Utilities over a period of 10 to 14 years beginning in 1990. (P.C. 1988-244)

Hearing Decisions Pending

A decision is pending on the following matter for which a public hearing has been completed.

TransCanada PipeLines Limited/KannGaz Producers Ltd. - GH-2-87

In an application dated 9 June 1987, TransCanada sought authorization to expand its natural gas pipeline system in central Canada to meet the needs of existing domestic and export markets and to deliver new licensed exports to the United States. In related applications, KannGaz Producers Ltd. sought Board orders directing TransCanada to construct the facilities required to permit KannGaz to export natural gas to the United States and to provide pipeline access. The hearing began on 19 October 1987 in Ottawa and ended on 29 February 1988. The Board expects to release its decision in the second quarter of 1988.

Hearings In Progress

1. Trans Mountain Pipe Line Company Ltd. - OH-1-87

In an application dated 21 September 1987, Trans Mountain sought authorization to expand its oil pipeline system in British Columbia and Alberta and approval of changes to toll design. The hearing began in Vancouver on 1 February 1988 and final argument commenced on 29 February.

Hearings Scheduled

The following hearings are scheduled to commence on the date indicated:

1. Maine and New Brunswick Electrical Power Company

In an application dated 17 September 1987, Maine and New Brunswick Electrical Power Company requested a licence to export up to 37 megawatts of firm electric power and 200 gigawatt-hours of energy annually to Maine Public Service Company for a 20-year period starting 1 July 1988.

By Order EH-1-88, dated 28 January 1988, the Board set this application down for hearing beginning in Saint John, New Brunswick on 29 March 1988.

2. Pan-Alberta Gas Ltd. - GH-1-88

In an application dated 21 May 1987, Pan-Alberta requested an extension of the term of Licence GL-96 by 16 years and an increase in the authorized term quantity by 45.6 billion cubic metres. This licence allows the export of natural gas to Pacific Interstate Transmission Company.

By Order GH-1-88 dated 4 February 1988, the Board set this application down for hearing beginning on 22 March 1988 in Calgary, Alberta.

3. TransCanada PipeLines Limited - 1988 Tolls

On 21 December 1987 TransCanada applied for approval of new tolls effective 1 January 1988. At the same time it applied for an interim toll order, to be effective 1 January 1988 and until new final tolls are established following a public hearing. On 30 December 1987, the Board issued Order TGI-55-87 which made TransCanada's existing tolls interim effective 1 January 1988. On 20 January 1988, the Board reduced the level of interim tolls by 10 percent.

TransCanada based its application for new tolls on a test year of 1 July 1988 to 30 June 1989. On 7 January 1988 the Board directed TransCanada to file a new application by 5 February 1988 using a test year which conformed to the company's 1988 fiscal year. On 8 January 1988, the company withdrew its earlier application.

On 29 January 1988, the Board informed TransCanada that the public hearing on the application will be held in two phases. Phase I will deal with toll design issues; Phase II will deal with cost of service issues for the 1988 and 1989 test years. The Board also directed TransCanada to file supplementary evidence in support of 1989 tolls by 4 July 1988.

On 5 February 1988, TransCanada filed a new application in accordance with the Board's directive, addressing only toll design issues.

By Order RH-1-88, the Board set the application down for hearing beginning 16 May 1988 in Ottawa.

A pre-hearing conference to discuss procedural matter will be held on 21 April 1988 in Toronto.

Company	Date of Application	Description
5. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to U.S. (Venture Project)
6. Ocelot Gas Marketing Inc.	30 October 1987	Export of natural gas to American subsidiary, Ocelot Gas Marketing (U.S.)
7. Alberta and Southern Gas Co. Ltd.	27 November 1987 (supersedes 2 December 1985 application)	Export of natural gas to Pacific Gas Transmission Company

Applications Filed - No Dates Set for Hearing

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either still under review by the Board's staff, on hold at the request of the applicant, or deficient in terms of information so far supplied.

Company	Date of Application	Description
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System
4. Sulpetro Limited (Esso Resources Canada Limited has applied to have Licence GL-82 assigned to it)	14 March 1985	Amendment to Licence GL-82 to extend the term and increase authorized exports

Non-hearing Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, and to authorize toll adjustments.

Since the 1 December 1987 edition of the Agenda, the following major matters have been considered by the Board.

Reviews

1. Interprovincial Pipe Line Limited

In late 1986, the Board commenced a review of its decision to adopt recommendation 5.9 made by the Board's panel investigating a fatal accident in 1985 on Interprovincial's pipeline near Camrose, Alberta. The recommendation required pipeline companies under Board jurisdiction to remove all welds in certain circumstances and to check the soundness of a sample of welds in others.

In a related matter, the Board invited industry to submit comments on the eleven other recommendations in the inquiry panel's report.

On 22 January 1988, the Board made certain decisions in respect of the first five recommendations and approved corresponding amendments to the proposed *Onshore Pipeline Regulations*. (See item 1 under *Amendments to Regulations*.)

Industry is in the process of making written submissions to the Board on the six other recommendations.

As for recommendation 5.9, because industry's submission to the review of that recommendation is dependent upon the Board's decision on several of the other recommendations, industry has decided to delay some of its field studies until the summer of 1988. On completion of its field studies, industry may hold a technical conference and will subsequently submit its new evidence and argument to the Board for consideration. It is anticipated that the submission will be available in the early fall of 1988. The Board will then conduct its review and has reserved its decision on whether to hold a public hearing for that purpose.

2. Inland Natural Gas Co. Ltd.

By application dated 16 November 1987, Inland Natural Gas requested a review and rehearing of the Board's Order MO-30-87 directing Westcoast Transmission Company Limited to provide facilities and transportation service to Northwood Pulp and Timber Limited.

On 21 January 1988, after considering the submissions of interested parties, the Board denied Inland's application.

3. PSR Gas Ventures Inc.

By application dated 20 November 1987, PSR Gas Ventures Inc. requested a review of Section 11.4 of the RH-3-86 Reasons for Decision on the tolls of TransCanada PipeLines Limited with respect to the "pro rata reduction methodology". The Board decided on 14 December 1987 to conduct a review, and invited interested parties to file comments by 8 January 1988. All parties were given a right to reply to these comments by 22 January 1988. On 25 February 1988, the Board decided to refer the matter to the upcoming TransCanada 1988 Toll Hearing.

4. British Columbia Hydro and Power Authority

By application dated 12 February 1988, B.C. Hydro requested a review of the Board's July 1984 Decision restricting the export of electricity generated at the Burrard plant. On 25 February 1988, the Board decided that a review was warranted due to new circumstances and directed interested parties to file and serve their answers by

7 March 1988. B.C. Hydro has until 16 March 1988 to file and serve its reply, if any.

Appeals

1. Cyanamid Canada Pipeline Inc.

On 6 April 1987, Cyanamid applied for a review of the Board's December 1986 decision that the Board had jurisdiction over a short pipeline to be constructed by Cyanamid from its plant at Welland to the TransCanada pipeline at Black Horse Station, Ontario. It also requested that the question of jurisdiction be referred to the Federal Court of Appeal. The Board invited interested parties to comment. In April 1987, the Board decided to proceed with the review and to refer the issue of jurisdiction to the Federal Court of Appeal.

On 27 November 1987, the Federal Court of Appeal ruled that the Board did not have jurisdiction over the proposed Cyanamid Canada Pipeline Inc. facility. Cyanamid then filed an application with the Supreme Court of Canada for leave to appeal the Federal Court's decision. The application has been set for hearing before the Court on 25 April 1988.

The Ontario Court of Appeal which, in October 1987, heard a reference brought by the Lieutenant Governor of Ontario on the matter of provincial jurisdiction over bypass facilities, rendered its decision in February 1988, affirming that by-pass pipelines similar to that proposed by Cyanamid fall within provincial jurisdiction.

2. Northridge Petroleum Marketing, Inc. and ENRON Canada Ltd.

In late June 1987, Northridge and ENRON filed with the Federal Court of Appeal applications for leave to appeal the Board's decision contained in its letters of 26 May 1987 concerning complaints against TransCanada PipeLines Limited.

In the complaints, Northridge and Enron raised concerns about the tolls charged by TransCanada for gas sold under competitive marketing program agreements.

On 18 August 1987, the Federal Court of Appeal granted leave to appeal.

3. Manitoba Oil and Gas Corporation

On 18 November 1987, Manitoba Oil and Gas filed with the Federal Court of Appeal a notice of motion for leave to appeal the Board's decision of September 1987 denying the Corporation orders that would have directed TransCanada PipeLines Limited to transport natural gas for it. The Court is considering the application for leave to appeal by way of written submissions.

Energy Supply/Demand Update

The Board last published its projections of Canadian energy supply and demand in October 1986 in a staff report entitled *Canadian Energy Supply and Demand: 1985-2005*.

Board staff are updating the projections, separate from any of the Board's current or anticipated regulatory proceedings. It is expected that the staff's report on the outlook for the period 1987 to 2005 will be published in December 1988.

Formal views have not been solicited, but any parties interested in making their views known to Board staff were invited to submit them in writing to the Secretary (2 copies marked "NEB Staff Supply/Demand Update 1988"), by mid-February 1988. Any such submissions are available for public viewing in the Board's library in Ottawa and at its Calgary office.

Short-term Exports of Natural Gas

Short-term export orders are issued by the Board to companies seeking authorization to export quantities of natural gas for periods not exceeding two years. Since 1 December 1987, the Board has issued 47 orders for short-term exports.

Interprovincial Pipe Line Limited - Allocation of Pipeline Space

By letter dated 7 October 1987, Interprovincial filed with the Board an application to modify the procedure it uses to allocate pipeline space on its system.

The proposed procedure is similar to the current one except that there would be no distinction made between crude oil tenders and oil product or natural gas liquids tenders. The combined tenders would be allocated on the basis of the total capacity of the pipeline system's three lines.

After considering the comments of interested parties, the Board, on 26 January 1988, approved the modi-

fied procedure. The question of introducing light crude oils (other than synthetic crude oils) into Line 1 was left to Interprovincial to resolve with shippers and interested parties, failing which the matter would be referred to the Board.

Regulations Respecting Leave of the National Energy Board for Crossings of Pipelines

After receiving comments from interested parties, the Board approved new regulations governing the crossing of federally regulated pipelines by third parties.

The regulations, which were sent for legal examination to the Department of Justice, are in two Parts.

Part I of the regulations will set out the circumstances and conditions under which leave of the Board would not be required before excavating on a pipeline right-of-way or constructing a highway, railway, ditch, utility, etc., across a pipeline or its right-of-way. As part of the conditions for not requiring leave, the excavator or constructor must fulfill a determined set of responsibilities. Part I has been approved by the Board in principle, but is subject to examination by the Department of Justice before implementation.

Part II of the regulations defines the responsibilities of the pipeline company which are necessary to ensure safety during construction of the crossing. Part II has also been approved by the Board, but must be approved by the Governor in Council following examination by the Department of Justice.

Regulations Pertaining to Crossings Involving International Power Lines

Following receipt of comments from interested parties on draft *International Power Line Crossing Regulations*, the Board approved a new draft.

On advice from the Department of Justice, the regulations were divided into two sets, as follows:

1. *International Power Line Crossings, Construction and Abandonment Regulations*

These regulations deal with crossings by international power lines as well as the company's responsibilities to maintain crossing records, abandon crossings, and report incidents.

2. *International Power Line Crossings Regulations*

These regulations deal with crossings of international power lines and set out the terms and con-

ditions under which leave of the Board to cross such power lines need not be obtained. The regulations have been approved in principle by the Board and are subject to examination by the Department of Justice prior to implementation.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations will replace and combine the existing Oil Pipeline Regulations and Gas Pipeline Regulations. These regulations provide for the safe design, construction and operation of onshore oil and gas pipelines. The Board approved the regulations in February 1986. Since that time, the regulations have been undergoing examination by the Department of Justice. The Board expects to have them published early this year.

The Onshore Pipeline Regulations were amended on 22 January 1988 based on comments from industry and other interested parties on the first five of the twelve recommendations included in the Board's report dated June 1986 on an accident on Interprovincial's system in February 1985. (See item 1 under *Reviews*.)

2. Offshore Pipeline Regulations

On 20 December 1984, the Board issued for comment the first draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA preliminary standard, "CSA Z187, Offshore Pipeline Standard", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties were invited to submit comments on these regulations by 15 April 1985. Following a meeting with industry representatives on 18 April 1985, an industry task force was established to review these regulations. Based on their recommendations, a further draft is being prepared which will be submitted for final comment by the task force and other interested parties.

3. Oil Product Designation Regulations

The proposed *Oil Product Designation Regulations* would designate methyl tertiary butyl ether (MTBE), an octane enhancer for motor gasoline, as an oil product for the purposes of the NEB Act. Methanol would also be designated. The proposed regulations would also exempt MTBE and methanol from export control under Parts VI and VI.1 of the NEB Act.

The regulations were sent in draft to interested parties for comment; no opposition to the proposed regulation was received.

The regulations were published in the Canada Gazette Part 1 on 20 February 1988 and parties have 30 days to submit comments to the Board.

4. Export and Import Reporting Regulations

These proposed regulations would require persons exporting oil, gas, or power, or importing oil or gas under licence or order, to provide certain information to the Board.

The information is similar to that currently required by the *Part VI Regulations*. However, on the suggestion of the Standing Joint Committee of the Senate and of the House of Commons on Regulations and Other Statutory Instruments, the Board decided to remove the reporting requirements from the *Part VI Regulations*, and made new regulations under subsection 88(1) of the *NEB Act* to provide for the reporting requirements.

The proposed regulations require Department of Justice inspection and Governor in Council approval.

Improving Public Hearings

By letter dated 20 February 1987, the Board proposed a number of steps that might be taken to improve and streamline the regulatory process and invited parties to submit their views by 31 March 1987.

Following receipt of comments from some 40 interested parties, the Board issued on 30 June 1987 a letter to parties outlining its position and intentions with respect to measures within its purview for improving hearings and measures that require the cooperation and commitment of all parties.

Several submitters also made suggestions in areas other than those that had been proposed by the Board. Suggestions involved such things as the increased use of pre-hearing conferences, the use of negotiated settlements in toll cases, the role of NEB staff, and generic rulemaking. By letter of 16 December 1987, the Board expressed its initial reaction to those suggestions and gave parties until 26 February 1988 to comment.

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the *Rules of Practice and Procedure* and schedules. The revised Rules were sent for examination by the Department of Justice on 24 April 1987. Although they must still be published in the *Canada Gazette*, the Board has asked all parties to use them.

Tariff Matters

1. Trans Mountain Pipe Line Company Ltd.

By a Class 2 toll adjustment application filed 30 October 1987, Trans Mountain sought approval of new tolls to become effective 1 January 1988.

By Order TOI-3-87 dated 23 December 1987, the Board approved interim tolls effective 1 January 1988. Following receipt of comments from interested parties, the Board issued, on 28 January 1988, Order TO-1-88 approving new tolls effective 1 February 1988.

2. Interprovincial Pipe Line Limited

By a Class 2 application filed 3 October 1987, Interprovincial applied for new tolls to become effective 1 January 1988. Following receipt of comments from interested parties, the Board issued a decision on the application on 15 December 1987. On 22 December 1987 Interprovincial filed revised tolls reflecting the decision. By letter dated 30 December 1987 the Board approved the revised tolls to be effective 1 January 1988.

3. Trans-Northern Pipelines Inc.

By a Class 2 application filed 2 February 1988, Trans-Northern sought approval of new tolls effective 1 January 1988. By order AO-1-TOI-2-87, the Board approved reduced interim tolls effective 1 January 1988.

Standing Panels

On 4 January 1988 the memberships of the various standing panels of the Board were changed to the following:

Panel	Members (first-named is Panel Chairman)
Financial Regulatory	J.-G. Fredette, W.G. Stewart A.B. Gilmour J. Farmer (Alternate)
Pipeline	A.B. Gilmour, J.R. Jenkins R.B. Horner J. Farmer (Alternate)
Energy Commodities (replaces Oil, Gas and Electrical Panels)	R. B. Horner, J.-G. Fredette L.M. Thur, A.D. Hunt W.G. Stewart

The Chairman of the Board is an ex-officio member of all panels.

Reports and Speeches

1. *"Crude Oil and Equivalent Supply-Demand, Medium Term Outlook"*, staff report dated November 1987. The report provides an analysis of the supply and demand for crude oil in Canada for the period 1987-1990.
2. *"Recent Developments in Energy Regulation"*, a presentation by L.M. Thur, Associate Vice Chairman, to the Association Pipeline Longitude 75 Conference: Energy - Future Prospects, on 3 December 1987 in Montreal, Quebec.
3. *"Pipeline Regulation and the Future Outlook for New Pipeline Projects in Canada"*, a paper by E.L.M. Gordon, Director Pipeline Engineering and Operations Branch, presented to the Offshore Mechanics and Arctic Engineering - A.S.M.E. Conference, on 19 February 1988 in Houston, Texas.
4. *"Heavy Oil in Canada - A Government Point of View"*, a paper by W.A. Hiles, Director, Energy Supply Branch, presented at a conference sponsored by the Heavy Oil Association, on 8 December 1987 in Calgary, Alberta.
5. *"Development of Free Markets for Natural Gas"*, a presentation by R. Byron Horner, Q.C., Board Member, to the Canadian Institute Conference on 22 February 1988, in Toronto, Ontario.

6. "Deregulation of Canadian Natural Gas", an address by J.S. Klenavic, Secretary, to the District Chamber of Commerce, on 24 February 1988 in Medicine Hat, Alberta.
7. "Deregulation of Canadian Natural Gas", a presentation by L.M. Thur, Associate Vice Chairman, at l'École des Hautes Études Commerciales, on 1 March 1988 in Montreal, Quebec.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900).

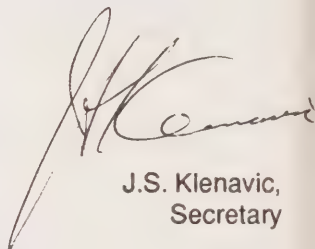
Mailing Lists

If you are not already on the Board's mailing lists and wish to be added, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L2: Oil matters
- L3: Gas matters
- L4: Oil and gas matters
- L5: Electrical matters
- L6: Annual reports only
- L7: Press releases only
- L8: Regulatory agendas only

For those already on the Board's mailing lists, please provide notification of any change of address and inform the Secretary of any change in your telex or telecopy facilities or numbers.

NATIONAL ENERGY BOARD



J.S. Klenavic,
Secretary

For copies of the
documents contact:

Regulatory Support Office
(613) 998-7204

For information contact: Marie-Andrée Imbeault
Information Services
(613) 998-7202



REGULATORY AGENDA

Issue No. 25

1 June 1988

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Preface

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1970, c.N-6.

A profile of the National Energy Board appears on the last page of this agenda.

Hearing Matters

Recent Hearing Reports and Decisions

Since the 1 March 1988 edition of the Agenda, the following reports have been published by the Board following public hearings:

1. Hydro-Québec - EH-4-87

Reasons for Decision dated February 1988, released on 7 March 1988. The Board granted Licence EL-175 to Hydro-Québec for the export of up to 50 megawatts of firm power and 438 gigawatt hours annually of firm energy to Vermont Joint Owners for the period 1 March 1988 to 31 October 1990. (P.C. 1988-245)

The Board had made its decision public on 20 January with Reasons for Decision to follow.

2. Hydro-Québec - EH-3-87

Reasons for Decision dated February 1988, released on 7 March 1988. The Board granted Licence EL-176 to Hydro-Québec for the export of up to 70 terawatt hours of firm energy to the New England Utilities over a period of 10 to 14 years beginning in 1990. (P.C. 1988-244)

Hydro-Quebec had previously filed a similar application which was denied in June 1987 because of insufficient evidence.

The Board had made its decision on the current application public on 25 January 1988 with Reasons for Decision to follow.

3. TransCanada PipeLines Limited/KannGaz Producers Ltd. - GH-2-87

Partial decision issued on 18 May 1988 with reasons to follow. The Board approved part of a proposal by TransCanada to expand its pipeline system in central Canada, designed to increase natural gas deliveries in southern Ontario, Quebec and to the northeastern United States. The approved facilities include the construction of three sections of pipeline adjacent to the existing pipeline, totalling 49 kilometres, near Sarnia and Niagara Falls, Ontario, and St. Jean-sur-Richelieu, Quebec, the installation of new after-coolers, and the relocation and upgrading of a number of compressor units. The Board also decided that the toll methodology for the new facilities should be the "rolled-in" method, as

requested by the company, and that an additional toll will be collected from shippers requiring a delivery pressure above 4000 kilopascals.

On 31 May, the Board issued another partial decision, with reasons to follow, on renewal rights on firm service contracts.

The Board's decision on the remainder of the proposed, together with the reasons for its decisions, will be issued in the summer of 1988.

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have been completed.

1. TransCanada Pipelines Limited/KannGaz Producers Ltd. - GH-2-87

(See also item 3 under *Recent Hearing Reports and Decisions*)

The Board will issue its decision on the remainder of the facilities requested by TransCanada, together with the reasons for its decisions, in the summer of 1988.

2. Trans Mountain Pipe Line Company Ltd. - OH-1-87

In an application dated 21 September 1987, Trans Mountain sought authorization to expand its oil pipeline system in British Columbia and Alberta and approval of changes to toll design. The hearing was held in Vancouver from 1 to 12 February 1988. Final argument was presented in Ottawa on 29 February and 1 March.

From 11 to 14 April, the Board reconvened the hearing in Burnaby, B.C., to receive evidence from local residents on environmental and socio-economic concerns. Final argument on these matters was received by means of written submissions; the record closed 23 May 1988.

The Board expects to release its decision in the summer of 1988.

3. Maine and New Brunswick Electrical Power Company - EH-1-88

In an application dated 17 September 1987, Maine and New Brunswick Electrical Power Company requested a licence to export up to 37 megawatts of firm electric power and 200 gigawatt hours of energy annually to Maine Public

Service Company for a 20-year period starting 1 July 1988.

The hearing was held in Saint John on 29 March 1988. The Board expects to issue its decision in June 1988.

4. Pan-Alberta Gas Ltd. - GH-1-88

In an application dated 21 May 1987, Pan-Alberta requested an extension of the term of Licence GL-96 by 16 years to 2012 and an increase in the authorized term quantity by 45.6 billion cubic metres. This licence allows the export of natural gas to Pacific Interstate Transmission Company.

The hearing was held 22 to 24 March 1988 in Calgary. The Board expects to issue its decision in the early summer of 1988.

Hearings in Progress

1. TransCanada PipeLines Limited - 1988 Tolls - RH-1-88

On 21 December 1987 TransCanada applied for approval of new tolls effective 1 January 1988. At the same time it applied for an interim toll order, to be effective 1 January 1988 and until new final tolls were established following a public hearing. On 30 December 1987, the Board issued Order TGI-55-87 which made TransCanada's existing tolls interim effective 1 January 1988. On 20 January 1988, the Board set the level of interim tolls at 10 percent below the 1987 level.

TransCanada based its application for new tolls on a test year of 1 July 1988 to 30 June 1989. On 7 January 1988 the Board directed TransCanada to file a new application by 5 February 1988 using a test year which conformed to the company's fiscal year. On 8 January 1988, the company withdrew its earlier application.

On 29 January 1988, the Board informed TransCanada that the public hearing on the application would be held in two phases. Phase I would deal with toll design and tariff issues, Phase II with cost of service issues for the 1988 and 1989 test years. The Board also directed TransCanada to file supplementary evidence in support of 1989 tolls by 4 July 1988.

On 5 February 1988, TransCanada filed a new application in accordance with the Board's directive, addressing only toll design issues.

A pre-hearing conference to discuss procedural matters was held on 21 April 1988 in Toronto.

Phase I of the hearing, dealing with such toll design issues as displacement, and tariff matters, began on 16 May 1988 in Ottawa and is continuing. Phase II, which will deal with cost of service issues, will commence on 19 September in Calgary.

Applications Filed - No Dates Set for Hearing

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either still under review by the Board's staff, on hold at the request of the applicant, or deficient in terms of information so far supplied.

Company	Date of Application	Description
1. Foothills Pipe Lines(Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System
4. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to U.S. (Venture Project)
5. Sulpetro Limited	14 March 1986	Amendment to Licence GL-82 to extend the term and increase authorized exports. It is expected that Esso Resources Canada Limited, which purchased Sulpetro Limited, will assume sponsorship of this application. In April, the Board assigned Licence GL-82 to Esso Resources.

Company	Date of Application	Description
6. Ocelot Gas Marketing Inc.	30 October 1987	Export of natural gas to American subsidiary, Ocelot Gas Marketing (U.S.)
7. Alberta and Southern Gas Co. Ltd.	27 November 1987	Export of natural gas to Pacific Gas Transmission Company
8. Canadian Hunter Exploration Ltd.	5 May 1988	Export of natural gas to United States over 20-year period

Non-hearing Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, and to authorize toll adjustments.

Since the 1 March 1988 edition of the Agenda, the following major matters have been considered by the Board.

Reviews

1. Interprovincial Pipe Line Company

In late 1986, the Board commenced a review of its decision to adopt recommendation 5.9 made by the Board's panel investigating a fatal accident in 1985 on Interprovincial's pipeline near Camrose, Alberta. The recommendation required pipeline companies under Board jurisdiction to remove all welds in certain circumstances and to check the soundness of a sample of welds in others.

In a related matter, the Board invited industry to submit comments on the eleven other recommendations in the inquiry panel's report. On 22 January and 14 April 1988, the Board made certain decisions in respect of seven of the recommendations and approved corresponding amendments to the proposed Onshore Pipeline Regulations. (See item 1 under *Amendments to Regulations*.) Industry has made written submissions to the Board on the four other recommendations.

As for recommendation 5.9, industry has decided to delay some of its field studies until the summer of 1988, because its submission on the review of that recommendation is dependent upon the

Board's decision on several of the other recommendations. Industry has also submitted for "approval in principle" a sampling plan, on the basis of which it will conduct the field studies. On completion of its field studies, industry may hold a technical conference and will subsequently submit its new evidence and argument to the Board for consideration. It is anticipated that the submission will be available in the early fall of 1988. The Board will then conduct its review and has reserved its decision on whether to hold a public hearing for that purpose.

2. British Columbia Hydro and Power Authority

By application dated 12 February 1988, B.C. Hydro requested a review of the Board's July 1984 decision restricting the export of electricity generated at the Burrard plant. On 25 February 1988, the Board decided that a review was warranted due to new circumstances and directed interested parties to file and serve their comments by 7 March 1988. B.C. Hydro filed its reply on 16 March 1988.

On 19 May, the Board informed B.C. Hydro that it had decided to remove the restriction on the export of electricity generated at the Burrard plant. The enabling amendments to the licences require approval by the Governor in Council prior to their coming into effect.

Appeals

1. Cyanamid Canada Pipeline Inc.

On 6 April 1987, Cyanamid applied for a review of the Board's December 1986 decision that the Board has jurisdiction over a short pipeline to be constructed by Cyanamid from its plant at Welland to the TransCanada pipeline at Black Horse Station, Ontario. It also requested that the question of jurisdiction be referred to the Federal Court of Appeal. The Board invited interested parties to comment. In April 1987, the Board decided to proceed with the review and to refer the issue of jurisdiction to the Federal Court of Appeal.

On 27 November 1987, the Federal Court of Appeal ruled that the Board does not have jurisdiction over the proposed Cyanamid Canada Pipeline Inc. facility. Cyanamid then filed an application with the Supreme Court of Canada for leave to appeal the Federal Court's decision. The application was heard by the Court on 25 April

1988. In a decision rendered from the bench, the Court granted leave to appeal.

The Ontario Court of Appeal, which in October 1987 heard a reference brought by the Lieutenant Governor of Ontario on the matter of provincial jurisdiction over bypass facilities, rendered its decision in February 1988, affirming that by-pass pipelines similar to that proposed by Cyanamid fall within provincial jurisdiction. Parties to the Ontario Court of Appeal proceeding have an appeal as of right to the Supreme Court of Canada. Cyanamid has chosen to exercise this right. It is anticipated that the two appeals will be joined before the Supreme Court of Canada.

Northridge Petroleum Marketing, Inc. and ENRON Canada Ltd.

In late June 1987, Northridge and ENRON filed with the Federal Court of Appeal applications for leave to appeal the Board's decision contained in its letters of 26 May 1987 concerning complaints against TransCanada PipeLines Limited.

In the complaints, Northridge and ENRON raised concerns about the tolls charged by TransCanada for gas sold under competitive marketing program agreements.

On 18 August 1987, the Federal Court of Appeal granted leave to appeal. The appeal documentation is being prepared.

Manitoba Oil and Gas Corporation

On 18 November 1987, Manitoba Oil and Gas filed with the Federal Court of Appeal a notice of motion for leave to appeal the Board's decision of September 1987 denying the Corporation orders that would have directed TransCanada PipeLines Limited to transport natural gas for it. The Court heard the application on 20 April 1988 and rendered its decision from the bench, dismissing the application.

Energy Supply/Demand Update

The Board last published its projections of Canadian energy supply and demand in October 1986 in a staff report entitled Canadian Energy Supply and Demand: 1985-2005.

Board staff is updating its projections, separate from any of the Board's current or anticipated regulatory

proceedings. It is expected that the staff's report on the outlook for the period 1987 to 2005 will be published in December 1988.

Formal views were not solicited, but parties interested in making their views known to Board staff were invited to submit them by mid-February 1988. These submissions are available for public viewing in the Board's library in Ottawa and at its Calgary office.

Short-term Exports of Natural Gas

Short-term export orders are issued by the Board to companies seeking authorization to export quantities of natural gas for periods not exceeding two years. Since 1 March 1988, the Board has issued 38 orders for short-term exports.

Regulations Respecting Leave of the National Energy Board for Crossings of Pipelines

After receiving comments from interested parties, the Board approved new regulations governing the crossing of federally regulated pipelines by third parties. The regulations are in two parts.

Part I of the regulations will set out the circumstances and conditions under which leave of the Board would not be required before excavating on a pipeline right-of-way or constructing a highway, ditch, utility, etc., across a pipeline or its right-of-way. As part of the conditions for not requiring leave, the excavator or contractor must fulfill certain responsibilities.

Part I has been examined by the Department of Justice. Final approval by the Board is linked to approval of Part II by the Governor in Council. It is the Board's intention to have Part I and II published in the Canada Gazette concurrently.

Part II of the regulations defines the responsibilities of the pipeline company which are necessary to ensure safety during construction of the crossing. Part II has been approved by the Board and examined by the Department of Justice.

It may be necessary to "pre-publish" these regulations in Part I of the Canada Gazette. If this action is required, parties would have 30 days in which to submit comments to the Board. Following analysis of any comments received and incorporation as appropriate, a submission to the Governor in Council for final approval would be prepared. If pre-publication is not required, the regulations will be sent directly for Governor in Council approval.

Regulations Pertaining to Crossings Involving International Power Lines

Following receipt of comments from interested parties on draft International Power Line Crossing Regulations, the Board approved a new draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

1. International Power Line Crossings, Construction and Abandonment Regulations

These regulations deal with crossings by international power lines as well as the company's responsibilities to maintain crossing records, abandon crossings, and report incidents. The regulations have been approved by the Board, but must be approved by the Governor in Council following examination by the Department of Justice.

2. International Power Line Crossings Regulations

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained. The regulations have been approved in principle by the Board and are subject to examination by the Department of Justice prior to implementation.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations will replace and combine the existing Oil Pipeline Regulations and Gas Pipeline Regulations. These regulations provide for the safe design, construction and operation of onshore oil and gas pipelines. The Board approved the regulations in February 1986. The regulations were published in the Canada Gazette, Part 1, on 28 May 1988 and parties have 30 days to submit comments to the Board. The Board then expects to be able to forward the regulations to the Governor in Council for approval; it is expected that the regulations will be in place by 1 August 1988.

The Onshore Pipeline Regulations will be amended to reflect the outcome of Board-industry deliberations on the twelve recommendations

included in the Board's report dated June 1986 on an accident on Interprovincial's system in February 1985. (See item 1 under *Reviews*).

2. Offshore Pipeline Regulations

On 20 December 1984, the Board issued for comment the first draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA preliminary standard, "CSA Z187, Offshore Pipeline Standard", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties were invited to submit comments on these regulations by 15 April 1985. Following a meeting with industry representatives on 18 April 1985, an industry task force was established to review these regulations. Based on their recommendations, a further draft was being prepared which was to be submitted for final comment by the task force and other interested parties.

Drafting was curtailed until staff had an opportunity to review the Onshore Pipeline Regulations when approved by the Department of Justice. Drafting has resumed and it is expected that a new issue will be ready for circulation in the third quarter of 1988.

3. Oil Product Designation Regulations

On 24 March 1988, the Governor in Council approved these regulations. (P.C. 1988-581). The regulations designate methyl tertiary butyl ether (MTBE), an octane enhancer for motor gasoline, and methanol as oil products for the purposes of the NEB Act, thereby allowing them to be transported by pipeline. The regulations also exempt these products from export control under Parts VI and VI.1 of the NEB Act.

The Board had previously asked interested parties to comment on the regulations, when still in draft. Notice of the intended regulation also appeared in Part I of the Canada Gazette.

4. Export and Import Reporting Regulations

These proposed regulations would require persons exporting oil, gas, or power, or importing oil or gas under licence or order, to provide certain information to the Board.

The information is similar to that currently required by the Part VI Regulations. However, on the suggestion of the Standing Joint Committee on Regulatory Scrutiny, the Board decided to remove the reporting requirements from the Part VI Regulations, and made new regulations under subsection 88(1) of the NEB Act to provide for the reporting requirements.

On 30 July 1987 the proposed regulations were sent for examination by the Department of Justice; they will subsequently require Governor in Council approval.

5. Part VI Regulations

The Part VI Regulations are being amended to make minor changes suggested by the Standing Joint Committee on Regulatory Scrutiny. Most significantly, the amendment removes certain provisions respecting export and import reporting requirements, which are to be re-implemented in the Export and Import Reporting Regulations (see above).

On 30 July 1987, the proposed amendments were sent for examination by the Department of Justice; they will also require Governor in Council approval.

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the Rules of Practice and Procedure and schedules. The Board has asked all parties to use them, although they must still be published in the Canada Gazette before they become binding. It is expected that publication will occur in the next few months.

Improving Public Hearings

By letter dated 20 February 1987, the Board proposed a number of steps that might be taken to improve and streamline the regulatory process and invited parties to submit their views by 31 March 1987.

Following receipt of comments from some 40 interested parties, the Board issued on 30 June 1987 a letter to parties outlining its position and intentions with respect to measures within its purview for improving hearings and measures that require the cooperation and commitment of all parties.

Several submitters also made suggestions in areas other than those that had been proposed by the Board. Suggestions involved such things as the

increased use of pre-hearing conferences, the use of negotiated settlements in toll cases, the role of NEB staff, and generic rulemaking. By letter of 16 December 1987, the Board expressed its initial reaction to those suggestions and gave parties until 26 February 1988 to comment. Comments are now under review.

Pipeline Matters

1. Westcoast Transmission Company Limited - Umbach Pipeline

On 20 October 1987, Westcoast applied for approval to construct the Umbach pipeline to connect natural gas reserves located in the Umbach area of northern British Columbia. This 20-kilometre gathering line is expected to cost about \$3.5 million and to provide a portion of the natural gas required by the NGL plant to fulfil its contractual obligations. The application also requested that a toll surcharge not be imposed on the users of the Umbach pipeline.

On 7 April 1988, the Board approved the construction of the facilities and the applied-for toll treatment.

2. Newex Resources Ltd.

Newex Resources Ltd. applied on 10 February 1988 to construct two short pipelines across the Saskatchewan/Alberta border. The pipelines, 3 and 10 kilometres long, are expected to cost a total of \$475,000 and will carry natural gas from Newex's gas wells in Saskatchewan to the Many Islands pipeline in Alberta.

The Board approved the application on 3 March 1988.

3. Consolidated Pipe Lines Company - Sale of Pipeline and Assignment of Certificate and Licence

On 5 April 1988, Consolidated filed an application to sell its pipeline and assign its certificate and licence to Many Islands Pipe Lines (Canada) Limited.

The pipeline is 210 kilometres long and extends from the Saskatchewan/Montana border to the TransCanada pipeline near Herbert, Saskatchewan. Consolidated imports Montana gas which is exported at Emerson, Manitoba via the TransCanada pipeline.

On 12 May the Board approved the applications. The licence and certificate amendments require Governor in Council approval.

Toll Matters

1. Interprovincial Pipe Line Company - Depreciation Study

In accordance with the Board's June 1987 Reasons for Decision on its last Class 3 toll application, Interprovincial filed a study dated December 1987 on the depreciation rates used by the company.

On 12 May 1988, the Board approved the continuation of the existing depreciation rates for all but three accounts, for which lower depreciation rates were set by the Board.

2. Interprovincial Pipe Line Company - Charitable Donations

In response to a letter from the Board dated 16 December 1987, Interprovincial filed a description of its charitable donations policy and the related budgetary procedures.

On 12 May 1988, the Board accepted the policy for filing.

3. Foothills Pipe Lines (Yukon) Ltd. - New Interruptible Tolls in Zone 9

On 3 February 1988, Foothills filed an application to decrease the tolls for interruptible service in Zone 9 (Saskatchewan), effective 1 April 1988. The tolls in effect at that time were \$3.065 and \$2.759 for Tier 1 and Tier 2, respectively, per thousand cubic metres per 100 kilometres.

The Board approved, on 28 March, new tolls of \$2.888 and \$2.599 for Tier 1 and Tier 2, respectively, on an interim basis, effective 1 April 1988. Foothills had requested tolls of \$2.895 and \$2.605.

On 25 May, the Board approved final tolls of \$2.874 and \$2.587 for Tier 1 and Tier 2, respectively.

4. Trans-Northern Pipelines Inc. - Toll Adjustment

Trans-Northern filed an application dated 1 February 1988 for an adjustment to its tolls, effective 1 January 1988.

The adjustment represents an increase of about 0.6 percent from the tolls that are currently in place on an interim basis.

The Board is awaiting the receipt of additional information prior to giving further consideration to the application.

5. Westcoast Transmission Company Ltd. - "Force Majeure" Deferral Account

Westcoast applied on 11 March 1988 for approval to establish a deferral account to cover a potential financial exposure to a force majeure claim asserted by POCO Petroleum Ltd.

The Board approved Westcoast's application on 12 May 1988.

6. Trans Mountain Pipe Line Company Ltd. - Toll Adjustment

Trans Mountain filed a Class 1 toll adjustment application dated 16 May 1988 for a reduction to its tolls, to be effective 1 May 1988. On 12 May the Board made the existing tolls interim.

The requested adjustment represents a reduction of about 4.9 percent from the approved tolls.

The application is under consideration by the Board.

Board Member Changes

Jacques Farmer retired on expiration of his term as Member on 10 April 1988. Mr. Farmer was appointed Member of the Board in 1974 and, between 1980 and 1985, he served as Acting Associate Vice-Chairman while the Board provided a designated officer to the Northern Pipeline Agency.

Standing Panels

Effective 11 April 1988 the membership of two of the standing panels of the Board was changed to the following:

PANEL	MEMBERS (first-named is Panel Chairman)
Financial Regulatory	J.-G. Fredette, W.G. Stewart A.B. Gilmour J.R. Jenkins (Alternate)

Pipeline A.B. Gilmour, J.R. Jenkins
 R.B. Horner
 A.D. Hunt (Alternate)

The membership of the Energy Commodities Panel remains unchanged:

Energy Commodities R.B. Horner, J.-G. Fredette
 L.M. Thur, A.D. Hunt,
 W.G. Stewart.

The Chairman of the Board is an ex-officio member of all panels.

Board Organization Changes

Ross M. White, formerly Director of the Oil Branch, has been appointed Director of the new Gas and Oil Branch. The two branches were amalgamated on 1 April 1988, following the retirement on 31 March 1988 of Stan R. Ironstone, former Director of the Gas Branch.

1987 Annual Report

The Board's 1987 Annual Report was tabled in Parliament on 26 April 1988. The report summarizes the Board's functions, responsibilities and activities during the 1987 calendar year.

Copies of the report are available at the Board's offices in Ottawa, 473 Albert Street, Ottawa, Ontario, (613) 998-7204, and Calgary, 4500 - 16th Ave. N.W., Calgary, Alberta, (403) 292-6700.

Reports and Speeches

1. Notes for an address by J. Farmer, Member, to the NARUC Winter Committee Meetings in Washington D.C. on 1 March 1988.
2. *The Canadian Viewpoint*, notes for an address by R. Priddle, Chairman, to the 83rd Midwest Gas Association Conference: Debating the Critical Issues, in Colorado Springs, Colorado, on 7 March 1988.
3. A statement by R. Priddle, Chairman, to the Senate Committee on Energy and Natural Resources on 14 March 1988.
4. *Adapting the Economic Regulation of Gas Pipelines to the Free-Market Environment: A*

Status Report, an address by R. Priddle, Chairman, to the Pacific Coast Gas Association Transmission Conference in Calgary, Alberta, on 24 March 1988.

5. *The Canadian Oil Outlook and Alternative Transportation Fuels*, notes for an address by J.-G. Fredette, Vice Chairman, to the Workshop on Alternative Fuels for Transportation: Canadian Research Needs, at the National Research Council in Ottawa on 9 May 1988.
6. A statement by R. Priddle, Chairman, to the House of Commons Committee by Energy, Mines and Resources on 11 May 1988.
7. *The Future Direction of NEB Pipeline Regulation*, an address by K. W. Vollman, Director General of Pipeline Regulation, to the Canadian Petroleum Association on Pipelines: The Future, in Calgary, Alberta, on 11 May 1988.
8. *The NEB's Role in Safety Regulation*, an address by E.L.M. Gordon, Director Pipeline Engineering and Operations, to the Canadian Petroleum Association Conference on Pipelines: The Future, in Calgary, Alberta, on 11 May 1988.
9. *Canadian Government Laws and Policy*, notes for an address by J.-G. Fredette, Vice Chairman, to the American Bar Association Conference on Canada/United States Trade in Energy, in Montreal, Quebec, on 19 May 1988.
10. *Canadian Natural Gas Supply and Exports to the United States*, an address by R. B. Horner, Member, to the American Bar Association Conference on Canada/United States Trade in Energy, in Montreal, Quebec, on 20 May 1988.
11. *The Outlook for Pipeline Construction in Canada*, an address by A.B. Gilmour, Member, to the Pipeline Contractors Association of Canada, in Quebec City, Quebec on 26 May 1988.
12. *Exports of Petroleum Products - 1987*. National Energy Board Staff Report, April 1988.
13. *Exports of Crude Oil in 1987*. National Energy Board Staff Report, April 1988.

Canadian Energy Literature Available Online

The Department of Energy, Mines and Resources has awarded Micromedia a contract to acquire, catalogue,

index and abstract energy-related documentation published in Canada from 1987 onwards. This information will be added to the U.S. Department of Energy's Energy Technology Database (ETDB). In Canada, the ETDB can be accessed online through Dialog Information Service (416/593-5211 or 1-800-387-2689), Mead Data Central (513/865-6958 or 1-800-227-9597) or STN International (614/421-3600).

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 [Telex: (NEB OTT) 053-3791; Telecopier: (613) 990-7900]

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L2: Oil matters
- L3: Gas matters
- L4: Oil and gas matters
- L5: Electrical matters
- L6: Annual reports only
- L7: Press releases only
- L8: Regulatory agendas only

NATIONAL ENERGY BOARD



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Secretary

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Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the National Energy Board Act include the licensing of oil, natural gas, and electricity exports, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board also has specific responsibilities under the Northern Pipeline Act and the Energy Administration Act. In addition, Board inspectors have been appointed safety officers by the Minister of Labour to administer Part IV of the Canada Labour Code.

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REGULATORY AGENDA

Issue No. 26

1 September 1988

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Preface



The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1970, c.N-6.

A profile of the National Energy Board appears on the last page of this agenda.

This document is also available in French.

Ce document est également publié en français.

Hearing Matters

Recent Hearing Reports and Decisions

Since the 1 June 1988 edition of the Agenda, the following reports have been published by the Board following public hearings:

1. Maine and New Brunswick Electrical Power Company - EH-1-88

Reasons for Decision dated May 1988, released on 2 June 1988. The Board granted Licence EL-177 to Maine and New Brunswick for the export of up to 37 megawatts of firm electric power and 200 gigawatt hours of energy annually to Maine Public Service Company for a 20-year period starting 1 July 1988. (P.C. 1988-1162)

The hearing was held in Saint John, New Brunswick, on 29 March 1988.

2. Pan-Alberta Gas Ltd. - GH-1-88

Reasons for Decision dated June 1988, released on 5 July 1988. Pan-Alberta had applied for an extension of its existing licence which would have expired in 1996. The Board decided, instead, to revoke the existing licence, effective 31 October 1988, and to issue a new licence (GL-106), authorizing the export of 59.7 billion cubic metres (2.1 trillion cubic feet) of natural gas over the 24-year period, 1 November 1988 to 31 October 2012. This decision is subject to approval by Governor in Council.

The hearing was held 22 to 24 March 1988 in Calgary. During the hearing the Board used for the first time its new market-based procedure to determine if the proposed export is in Canada's interest.

3. Trans Mountain Pipe Line Company Ltd. - OH-1-87

Reasons for Decision dated July 1988, released on 17 August 1988. The Board issued Order XO-1-88 to Trans Mountain, authorizing an expansion of its oil pipeline system in British Columbia and Alberta and approving changes to the toll design. The new facilities are expected to cost about \$57 million and are scheduled to be completed by late 1989 or early 1990.

The hearing, which began 1 February 1988, was held in Vancouver and Burnaby, British Columbia, and Ottawa, Ontario; the record closed 24 May 1988.

4. TransCanada PipeLines Limited - GH-2-87

Reasons for Decision dated July 1988, released 25 August on a proposal by TransCanada to expand its pipeline system in central Canada, in order to increase natural gas deliveries in southern Ontario, Quebec and to the northeastern United States.

The hearing was held between November 1987 and February 1988.

The Board's report included reasons for three earlier decisions. The first, issued 18 May 1988, pertained mainly to the approval of orders to grant exemptions pursuant to section 49 from the requirement to have a certificate of public convenience and necessity to construct certain facilities in 1988. The Board also indicated that it would recommend to Governor in Council that the necessary approvals be granted in respect of the additional facilities required to expand the capacity of the TransCanada system so that it may transport, as a minimum, exports by ProGas to Ocean State Power at Niagara Falls, commencing 1 November 1989. The second decision, dated 31 May 1988 concerned renewal rights for firm service contracts (refer to *Reviews*). The third, dated 15 June 1988, approved the construction of 19 kilometres of parallel pipeline near Cornwall, Ontario.

In its decision of 25 August, the Board indicated that it was prepared to issue the certificates of public convenience and necessity for the construction of a 12.8-kilometre loop and a 3.5-kilometre loop near Niagara Falls, Ontario, and a 30.9-kilometre new pipeline near Hamilton, Ontario, and the installation of six compressor units in Manitoba and Ontario. These certificates may not be issued unless approved by the Governor in Council. The Board indicated that it was not prepared to issue a certificate for a 4.5-kilometre section of pipeline near Iroquois, Ontario, and associated compressors for the transport of natural gas to be exported by Alberta Northeast Gas, Limited because it had concluded that the regulatory process in the United States

would not be completed in time to enable the Iroquois Gas Transmission system to be in service for the 1989-90 contract year.

The Board decided that the rolled-in method of cost allocation and toll design would be appropriate in respect of the authorized facilities. The Board also decided that any incremental provision of pressure in excess of 4 000 kilopascals should be recovered through an incremental two-part delivery toll.

Subsequent to these decisions being made by the Board, TransCanada filed an application dated 28 July 1988 (Refer to Item 2. under *Hearings Scheduled*) for new facilities to increase the capacity of its pipeline system to serve expanding domestic and export markets to a greater degree than that originally proposed.

As a result of the Board's consideration of the new application, it may be determined that facilities different from those recommended for approval in the Reasons for Decision released on 25 August 1988 may be required to provide increased capacity on the TransCanada system.

Notwithstanding this possibility, the Board believes it would be desirable to proceed with the approval of the three certificates of public convenience and necessity in view of the fact that certain of the facilities contained therein are required as soon as possible.

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have been completed.

1. Canadian Hunter Exploration Ltd. - GH-2-88

In an application dated 5 May 1988, Canadian Hunter requested authorization to export up to 3 381 million cubic metres (120 billion cubic feet) of natural gas over a 20-year period, beginning in July 1990. The natural gas would be sold to Gas Alternative Systems Inc. of New York and would be used to supply a new co-generation facility to be built in Syracuse, New York.

A one-day hearing was held on 3 August in Calgary.

Hearings In Progress

1. TransCanada PipeLines Limited - 1988 and 1989 Tolls - RH-1-88

On 21 December 1987 TransCanada applied for approval of new tolls effective 1 January 1988. At the same time it applied for an interim toll order to be effective 1 January 1988 and until new final tolls are established following a public hearing. On 30 December 1987, the Board issued Order TGI-55-87 which made TransCanada's existing tolls interim effective 1 January 1988. On 20 January 1988, the Board set the level of interim tolls at 10 percent below the 1987 level.

TransCanada based its application for new tolls on a test year of 1 July 1988 to 30 June 1989. On 7 January 1988 the Board directed TransCanada to file a new application by 5 February 1988 using a test year which conformed to the company's fiscal year, being the calendar year. On 8 January 1988, the company withdrew its earlier application.

On 29 January 1988, the Board informed TransCanada that the public hearing on the application would be held in two phases. Phase I would deal with toll design and tariff issues, Phase II with cost of service issues and some remaining tariff matters.

On 5 February, TransCanada filed a new application in accordance with the Board's directive, addressing only toll design issues for both fiscal years, 1988 and 1989. It filed supplementary evidence addressing cost of service issues in 1988 and 1989 on 4 July.

A pre-hearing conference to discuss procedural matters was held on 21 April in Toronto.

Phase I of the hearing began on 16 May 1988 in Ottawa and is expected to end in September. On 17 June, the Board issued its decision on one issue considered at the hearing, the disposition of the balances in deferral accounts as of 31 December 1987 and related carrying charges. The Board decided that the balances, totaling some \$76 million, be amortized to the cost of service during the six-month period beginning 1 July 1988. The Board approved new interim tolls, reflecting a 30 percent decrease from the in-

terim tolls previously in place. A decision on the remaining issues of Phase I will be issued in due course.

Phase II of the hearing, which will deal with matters related to the cost of service, will commence on 28 November in Ottawa. It is expected to continue into the new year with a session in January 1989 in Calgary.

Hearings Scheduled

The following hearings are scheduled to commence on the date indicated.

1. St. Clair Pipelines Ltd/TransCanada PipeLines Limited - GH-3-88

In an application dated 15 June 1988, St. Clair Pipelines requested approval to build a 700-metre pipeline under the St. Clair River near Sarnia, Ontario. The new pipeline would link the storage and transmission facilities of two pipeline companies, Union Gas Limited in Ontario and Michigan Consolidated Gas Company in Michigan. The pipeline would be 610 millimetres (24 inches) in diameter. In its application, St. Clair stated that the link would also increase accessibility to supplies of competitively priced American gas and provide access to Michigan Consolidated's underground storage facilities.

On 29 July 1988, the Board issued Order GH-3-88, setting the application down for hearing beginning 20 September 1988 in Ottawa, Ontario.

By application dated 25 August 1988, TransCanada PipeLines Limited filed an application as an alternative to St. Clair's proposal. TransCanada proposes to build a 3.3-kilometre loop on its connection with Union and to increase service to Michigan Consolidated.

The application will be heard together with St. Clair's application beginning 20 September 1988.

2. TransCanada PipeLines Limited - GH-4-88

TransCanada filed an application dated 28 July 1988 for approval to expand its pipeline system in Saskatchewan, Manitoba, Ontario and Quebec in order to increase its capacity to serve expanding domestic and export markets.

The expansion includes the construction of 21 sections of pipeline, totalling 320 kilometres, parallel to the existing line, the installation of eight new compressors at existing compressor stations, the upgrading of five compressors, and modifications to three existing compressors.

The facilities are estimated to cost \$555 million and are stated to be required by 1 November 1989 in order to meet the projected sales and transportation requirements of existing contracts and to provide new services in the domestic and export markets. The facilities would also provide advance capacity to accommodate new firm services expected in the future.

By Order GH-4-88 dated 12 August 1988, the Board set the application down for hearing, to begin 18 October 1988 in Ottawa. A list of issues to be addressed in the hearing was published on 18 August 1988.

(Refer to item 4. under *Recent Hearing Reports and Decisions*.)

3. Trans Québec & Maritimes Pipeline Inc. - RH-2-88

On 7 July 1988, TQM applied for the approval of new tolls for the transportation of natural gas, effective 1 January 1989 and 1 January 1990. TQM requested approval of a monthly toll of \$5.965 million in 1989 and \$5.881 million in 1990. The current monthly toll is \$6.038 million. The company also requested a rate of return on equity of 14.5 percent in 1989 and 14.75 percent in 1990 on common equity ratios of 25 percent and 25.77 percent, respectively. The current rate of return on equity is 13.75 percent on a deemed equity ratio of 25 percent.

By Order RH-2-88, dated 12 August 1988, the Board set the application down for hearing. As in the past few years, the oral hearing will deal with rate of return matters; other issues will be considered by written submission.

4. Alberta and Southern Gas Co. Ltd. - GH-5-88

In November 1987, Alberta and Southern applied to vary Licence GL-99, which authorizes the export of natural gas to Pacific Gas Transmission (PGT) in the United States. The company asked for a 16-year extension of the term of the licence from 1994 to 2010 and an increase in the volume

of 169.3 billion cubic metres (6.0 trillion cubic feet).

By Order GH-5-88, dated 16 August 1988, the Board set the application down for hearing beginning 6 December in Calgary.

5. Dome Petroleum Limited - GH-6-88

By application dated 28 July 1988, Dome applied for a licence to export a total of 1.504 billion cubic metres of natural gas over 13 years, beginning 1 November 1988, to Northern States Power Company. Dome is currently exporting under a short-term export order and wishes to convert the existing sales into a long-term arrangement.

On 25 August 1988, the Board issued Order GH-6-88, setting the application down for hearing beginning 12 October 1988 in Calgary. Interventions are due 8 September.

6. ProGas Limited and Western Gas Marketing Limited - GH-7-88

On 11 August 1988, ProGas and Western Gas Marketing, as agent for TransCanada PipeLines Limited, filed applications to vary their existing licences or issue new licences to serve the Ocean State Power Phase II project to be constructed in Burrillville, Rhode Island.

ProGas proposes to export 5.17 billion cubic metres for 20 1/2 years, beginning 1 May 1991.

Western Gas Marketing proposes exporting 5.4 billion cubic metres over 21 1/2 years, also beginning May 1991. On 25 August, the Board issued Order GH-7-88, setting both applications down for hearing, which will follow the hearing on the application by Dome Petroleum Limited for a new natural gas export licence. That hearing is scheduled to begin 12 October in Calgary. (See item 5 above)

Interventions are due to be filed by 8 September 1988.

Applications Filed - No Dates Set for Hearing

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either still under review by the Board's

staff, on hold at the request of the applicant, or deficient in terms of information so far supplied.

Company	Date of Application	Description
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System
4. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to U.S. (Venture Project)
5. Sulpetro Limited	14 March 1986	Amendment to Licence GL-82 to extend the term and increase authorized exports. It is expected that Esso Resources Canada Limited, which purchased Sulpetro Limited, will assume sponsorship of this application. In April, the Board assigned Licence GL-82 to Esso Resources.

Non-hearing Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, and to authorize toll adjustments.

Since the 1 June 1988 edition of the Agenda, the following major matters have been considered by the Board.

Reviews

1. Interprovincial Pipe Line Company

In late 1986, the Board commenced a review of its decision to adopt recommendation 5.9 made by the Board's panel investigating a fatal accident in 1985 on Interprovincial's pipeline near Camrose, Alberta. The recommendation required pipeline companies under Board jurisdiction to remove all welds in certain circumstances and to check the soundness of a sample of welds in others.

On 22 July 1988, the Board informed industry that it agreed with the two-phase process of review suggested by industry. The first phase will consist of a program of inspection or sampling with the intent of gathering evidence for the review. The evidence is due to be filed by the companies by 31 October 1988. The second phase will consist of a review of the recommendation in light of the new evidence; the Board has reserved its decision on whether to hold a public hearing for this purpose.

In a related matter, the Board invited industry to submit comments on the eleven other recommendations in the inquiry panel's report. On 22 January, 14 April and 22 July 1988, the Board made certain decisions in respect of the recommendations and approved corresponding amendments to the proposed Onshore Pipeline Regulations. (See item 1 under *Amendments to Regulations*.)

2. British Columbia Hydro and Power Authority

By application dated 12 February 1988, B.C. Hydro requested a review of the Board's July 1984 decision restricting the export of electricity generated at the Burrard plant. On 25 February 1988, the Board decided that a review was warranted due to new circumstances and directed interested parties to file and serve their comments by 7 March 1988. B.C. Hydro filed its reply on 16 March 1988.

On 19 May, the Board informed B.C. Hydro that it had decided to remove the restriction on the export of electricity generated at the Burrard plant. The necessary amendments to the licences were approved by the Governor in Council on

16 August 1988 by Order in Council P.C. 1988-1628.

3. Ontario Hydro

By application dated 6 June 1988, Ontario Hydro requested the Board to review its decision of 28 April 1988 approving an agreement with the Vermont Department of Public Service. Specifically, Ontario Hydro requested that the two conditions imposed by the Board be amended; first, by permitting specific agreements with Vermont for firm power and energy sales to be arranged for periods exceeding two months; second, by revoking the requirements to obtain Board approval of the price to be charged for tertiary transactions.

On 21 July 1988 the Board granted the review and amended the conditions. The first condition now permits specific agreements to be arranged with Vermont for periods not exceeding twelve months. The second condition was revoked.

4. Cyanamid Canada Inc.

On 9 June 1988, Cyanamid applied for a review of that part of the Board's 31 May 1988 decision that provides that renewal rights for contracts on TransCanada's pipeline system shall be subject to TransCanada's receiving written notice from the shipper not less than six months prior to the expiration of the contract or such lesser period as TransCanada may stipulate.

The Board denied the application on 23 June 1988.

Appeals

1. Cyanamid Canada Pipeline Inc.

On 6 April 1987, Cyanamid applied for a review of the Board's December 1986 decision that the Board had jurisdiction over a short pipeline to be constructed by Cyanamid from its plant at Welland to the TransCanada pipeline at Black Horse Station, Ontario. It also requested that the question of jurisdiction be referred to the Federal Court of Appeal. The Board invited interested parties to comment. In April 1987, the Board decided to proceed with the review and to refer the issue of jurisdiction to the Federal Court of Appeal.

On 27 November 1987, the Federal Court of Appeal ruled that the Board did not have jurisdiction over the proposed Cyanamid Canada Pipeline Inc. facility. Cyanamid then filed an application with the Supreme Court of Canada for leave to appeal the Federal Court's decision. The application was heard by the Court on 25 April 1988. In a decision rendered from the bench, the Court granted leave to appeal.

The Ontario Court of Appeal, which in October 1987 heard a reference brought by the Lieutenant Governor of Ontario on the matter of provincial jurisdiction over bypass facilities, rendered its decision in February 1988, affirming that by-pass pipelines similar to that proposed by Cyanamid fell within provincial jurisdiction. Parties to the Ontario Court of Appeal proceeding have an appeal as of right to the Supreme Court of Canada. Cyanamid has chosen to exercise this right. It is anticipated that the two appeals may be joined before the Supreme Court of Canada.

2. Northridge Petroleum Marketing, Inc. and ENRON Canada Ltd.

In late June 1987, Northridge and ENRON filed with the Federal Court of Appeal applications for leave to appeal the Board's decision contained in its letters of 26 May 1987 concerning complaints against TransCanada PipeLines Limited.

In the complaints, Northridge and ENRON raised concerns about the tolls charged by TransCanada for gas sold under competitive marketing program agreements.

On 18 August 1987, the Federal Court of Appeal granted leave to appeal. The appeal documentation is being prepared.

Natural Gas Market Assessment

In its decision of July 1987, *Review of Natural Gas Surplus Determination Procedures*, the Board indicated that it would, from time to time, publish an assessment of the short-term functioning of the Canadian natural gas market. The first of these reports, *Natural Gas Market Assessment 1988*, is expected to be published in the fall of 1988.

Short-term Exports of Natural Gas

Short-term export orders are issued by the Board to companies seeking authorization to export quantities

of natural gas for periods not exceeding two years. Since 1 June 1988, the Board has issued 17 orders for short-term exports.

Pricing information on short-term exports is being kept confidential for a minimum 90-day period. However, in August 1988, the Board began publishing this information on an aggregated, monthly basis. Copies of the report, *Natural Gas Exports and Imports* are available for viewing in the Board's library, 9th floor, 473 Albert Street, Ottawa, Ontario.

Energy Supply/Demand Update

The Board last published its projections of Canadian energy supply and demand in December 1986 in a staff report entitled *Canadian Energy Supply and Demand: 1985-2005*, dated October 1986.

Board staff is updating its projections, separate from any of the Board's current or anticipated regulatory proceedings. It is expected that the staff's report on the outlook for the period 1987 to 2005 will be published in December 1988.

Formal views were not solicited, but parties interested in making their views known to Board staff were invited to submit them by mid-February 1988. These submissions are available for public viewing in the Board's library in Ottawa and at its Calgary office.

TransCanada PipeLines Limited - Section 59(2) Orders

Since 1985, some 85 orders under sec. 59(2) of the National Energy Board Act were issued to TransCanada, requiring it to carry natural gas for certain customers and shippers that had made direct-purchase arrangements for their natural gas supplies.

In April 1987, TransCanada agreed to enter into contracts with the direct shippers to transport the natural gas volumes to the shippers' customers. Some 26 contracts were negotiated and the corresponding sec. 59(2) orders were rescinded.

The Board issued a general rescinding order, in November 1987, which would rescind the sec. 59(2) orders on the date on which gas begins to flow under the firm service contracts or on a later date specified by the Board as 31 March 1988. At the request of a number of shippers, in March 1988 the Board extended the termination date from 31 March to 31 July 1988. Under this general rescinding order, some 40

sec. 59(2) orders were rescinded as the shippers arranged their contracts with TransCanada.

On 21 July, the termination date was again extended, from 31 July to 31 October 1988.

Regulations Respecting Leave of the National Energy Board for Crossings of Pipelines

After receiving comments from interested parties, the Board approved new regulations governing the crossing of federally regulated pipelines by third parties. The regulations are in two parts.

Part I of the regulations sets out the circumstances and conditions under which leave of the Board is not required before excavating on a pipeline right-of-way or constructing a highway, ditch, utility, etc., across a pipeline or its right-of-way. As part of the conditions for not requiring leave, the excavator or contractor must fulfill certain responsibilities.

Part I has been examined by the Department of Justice. Final approval by the Board is linked to approval of Part II by the Governor in Council. It is the Board's intention to have Part I and II published in the Canada Gazette concurrently.

Part II of the regulations defines the responsibilities of the pipeline company which are necessary to ensure safety during construction of the crossing. Part II has been approved by the Board and examined by the Department of Justice.

The regulations were "pre-published" in Part I of the Canada Gazette on 16 July 1988 and parties had 30 days in which to submit comments to the Board. Following analysis of the comments received and incorporation as appropriate, a submission to the Governor in Council for final approval will be prepared.

Crossing of Utilities by Pipelines

On 28 July 1988, the Board issued An Order Respecting the Crossing of Utilities by Pipelines, which sets aside the requirement for pipeline companies to obtain leave of the Board prior to constructing across a utility, road, etc., if consent from the affected utility is first obtained.

The related responsibilities of pipeline companies with respect to crossings of utilities are prescribed in the Board's Onshore Pipeline Regulations.

The order also amends General Order No. 1, which previously governed pipeline crossings, so that the conditions specified in General Order No. 1 continue to apply to all applications previously granted by the Board.

Regulations Pertaining to Crossings Involving International Power Lines

Following receipt of comments from interested parties on draft International Power Line Crossing Regulations, the Board approved a new draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

1. International Power Line Crossings, Construction and Abandonment Regulations

These regulations deal with crossings by international power lines as well as the company's responsibilities to maintain crossing records, abandon crossings, and report incidents.

The regulations have been approved by the Board, but must be approved by the Governor in Council following examination by the Department of Justice.

2. International Power Line Crossings Regulations

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained. The regulations have been approved in principle by the Board and are subject to examination by the Department of Justice prior to implementation.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations replace and combine the existing Oil Pipeline Regulations and Gas Pipeline Regulations. These regulations provide for the safe design, construction and operation of onshore oil and gas pipelines. The Board approved the regulations in February

1986. The regulations were "pre-published" in the Canada Gazette, Part 1, on 28 May 1988 and approved by Governor in Council on 24 August (P.C. 1988-1719). The regulations came into effect on 1 September 1988.

The Onshore Pipeline Regulations will be amended to reflect the outcome of Board-industry deliberations on the 12 recommendations included in the Board's report dated June 1986 on an accident on Interprovincial's system in February 1985. (See item 1 under *Reviews*.)

2. Offshore Pipeline Regulations

On 20 December 1984, the Board issued for comment the first draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA preliminary standard, "CSA Z187, Offshore Pipeline Standard", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties were invited to submit comments on these regulations by April 1985. Following a meeting with industry representatives later that month, an industry task force was established to review the regulations. Based on their recommendations, a further draft was being prepared which was to be submitted for final comment by the task force and other interested parties.

Drafting was interrupted to provide staff an opportunity to review the Onshore Pipeline Regulations, once they were approved by the Department of Justice. Drafting has resumed and it is expected that a revised version will be ready for circulation in the last quarter of 1988.

3. Part VI Regulations

The Part VI Regulations are being amended to reflect recent changes in export regulation, e.g., new natural gas surplus determination procedures and deregulation of oil and natural gas exports. As well, changes suggested by the Standing Joint Committee on Regulatory Scrutiny will be made, including the removal of certain provisions respecting export and import reporting requirements, which are to be re-implemented in the Export and Import Reporting Regulations (see below).

The proposed amendments, when made, will require examination by the Department of Justice and approval by Governor in Council.

4. Export and Import Reporting Regulations

These proposed regulations would require persons exporting oil, natural gas, or power, or importing natural gas under licence or order, to provide certain information to the Board.

The information is similar to that currently required by the Part VI Regulations. However, on the suggestion of the Standing Joint Committee on Regulatory Scrutiny, the Board decided to remove the reporting requirements from the Part VI Regulations, and made new regulations under subsection 88(1) of the NEB Act to provide for the reporting requirements.

The regulations, which will require Governor in Council approval, will be processed together with the above-noted changes to the Part VI Regulations.

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the Rules of Practice and Procedure and the schedules which form part of the rules. The Board has asked all parties to use them, although they must still be published in the Canada Gazette before they become binding. It is expected that publication will occur in the next few months.

Concurrently, the Board is considering including a new rule in the Rules of Practice and Procedure governing communication between counsel and their witnesses once the witnesses have been handed over for cross-examination.

The Board is providing interested parties who appear before it an opportunity to comment on the proposed rule. Comments must be received by 9 September 1988.

Improving Public Hearings

By letter dated 20 February 1987, the Board proposed a number of steps that might be taken to improve and streamline the regulatory process and invited parties to submit their views by 31 March 1987.

Following receipt of comments from some 40 interested parties, the Board issued on 30 June 1987 a letter to parties outlining its position and intentions with respect to measures within its purview for improving hearings and measures that require the cooperation and commitment of all parties.

Several submitters also made suggestions in areas other than those that had been proposed by the Board. Suggestions involved such things as the increased use of pre-hearing conferences, the use of negotiated settlements in toll cases, the role of NEB staff, and generic rulemaking. By letter of 16 December 1987, the Board expressed its initial reaction to those suggestions and gave parties until 26 February 1988 to comment. This date was extended to the end of May at the request of some parties. The comments are being reviewed to establish the Board's current position with respect to the suggestions.

Pipeline Matters

1. Novacorp International Pipelines Ltd.

On 22 January 1988, Novacorp applied for approval to construct a 700-metre pipeline under the Detroit River near Windsor, Ontario. The pipeline would provide natural gas service to the manufacturing plant of National Steel Corporation in Detroit, Michigan, which is currently served by the local distributor, Michigan Consolidated Gas Company. The pipeline is estimated to cost about \$1 million and would extend from the Ojibway meter station of Union Gas Limited to a point on the international boundary. The application also requested the Board to direct Union Gas to connect the Novacorp pipeline to the Union Gas Pipeline at the Ojibway meter station.

On 22 June 1988, the Board approved construction of the Novacorp pipeline and requested both companies to provide information on the connecting facilities. Novacorp responded on 14 July, informing the Board that it is willing to pay for the connection. Union's response is still outstanding.

2. Westcoast Energy Inc. - North Jedney Extension

By application dated 25 May 1988, Westcoast Energy Inc. requested authorization to build an 11.3-kilometre extension to its pipeline system in northeastern British Columbia. The pipeline, ex-

pected to cost about \$3.2 million, would transport natural gas produced by Norcen Energy Resources Limited and destined to be processed at Westcoast's Taylor Processing Plant. Comments from interested parties were due 13 July and Westcoast's reply was due 20 July.

On 11 August 1988, the Board approved construction of the North Jedney extension.

3. Westcoast Energy Inc. - Laprise Off-load

By application dated 8 July 1988, Westcoast requested authorization to purchase a natural gas hydrocarbon dewpoint control plant from Unocal Canada Limited. Westcoast also applied for approval to expand and modify the dewpoint control plant, to build a 21.7-kilometre extension to its Aitken Creek pipeline and to build a 9.8-kilometre liquid hydrocarbon pipeline. The Laprise off-load facilities, located in northeastern British Columbia and expected to cost about \$14.9 million, would allow the diversion of 2.3 million cubic metres per day of raw gas from the Taylor complex to the Fort Nelson mainline.

Comments from interested parties were due 31 August. Westcoast's response to the comments is due 7 September.

4. Consolidated Pipe Lines Company - Sale of Pipeline and Assignment of Certificate and Licence

On 5 April 1988, Consolidated filed an application to sell its Shaunavon pipeline and to assign its certificate and licence to Many Islands Pipe Lines (Canada) Limited.

The pipeline is 210 kilometres long and extends from the Saskatchewan/Montana border to the TransCanada pipeline near Herbert, Saskatchewan. Consolidated imports Montana gas which is exported at Emerson, Manitoba via the TransCanada pipeline.

The applications were approved by the Board on 12 May. The necessary amendments to the certificate and licence were approved by Governor in Council on 16 June 1988 by Order in Council P.C. 1988-1163.

Toll Matters

1. Trans-Northern Pipelines Inc. - Toll Adjustment

On 1 January 1988, Trans-Northern's tolls were made interim and reduced 10 percent. On 1 February, it filed an application to adjust its tolls effective 1 January 1988.

On 11 August 1988, the Board decided to approve new tolls, representing an increase of about one percent from the interim tolls.

2. Trans Mountain Pipe Line Company Ltd. - Toll Adjustment

Trans Mountain filed an application dated 16 May 1988 to reduce its tolls, effective 1 May 1988, by about 5.7 percent. On 12 May the Board made the existing tolls interim.

In July, Trans Mountain amended its application, further reducing its tolls, based on a new throughput forecast.

On 29 July 1988, the Board approved new tolls, representing a 6.8 percent decrease from the existing tolls.

3. The Consumers' Gas Company Ltd. - Interim and Final Orders

On 21 June 1988, Consumers' filed an application requesting the Board to require TransCanada to provide Consumers' 800 cubic metres of natural gas per day, to fix the applicable tolls, and to prohibit TransCanada from applying its renewal policy for short-term service to Consumers' in a manner contrary to the Board's decision on renewal rights in the facilities proceedings. (Refer to item 4. under *Recent Hearing Reports and Decisions*.)

On 22 August 1988, the Board denied Consumers' application because the Board found that TransCanada's policy with respect to operating demand relief reflected the Board's existing policy on self-displacement. Further, the Board found that the application of this policy in respect of the renewal of short-term firm service transportation contracts was not unjustly discriminatory vis à vis a distributor-shipper, nor was it contrary to the Board's decision of 31 May 1988 respecting renewal rights.

4. Kingston Public Utilities Commission

On 15 July 1988, Kingston Public Utilities Commission filed an application for an order requiring TransCanada to receive, transport and deliver an additional firm supply of 51 000 cubic metres per day of natural gas to the Commission, beginning 1 November 1988.

The application is being reviewed.

5. Westcoast Energy Inc.

On 20 April 1988, Westcoast informed the Board that it had entered into four new firm service agreements and requested approval of its proposed toll treatment.

Two of the agreements covered firm processing service for Shell Canada Limited and Petro-Canada Inc. through the Sikanni plant. Westcoast proposed recording the revenues in a deferral account pending disposition by the Board in the company's next toll hearing. The Board approved the proposed toll treatment.

The remaining agreements, with Canadian Hydrocarbons Marketing Inc. and Shell Canada Limited, are for firm transportation service. Westcoast proposed streaming the revenues from these agreements to the firm export customers as is presently done with interruptible export revenues. After considering the views of interested parties, the Board denied Westcoast's proposal on the basis that this would be inconsistent with the Board's streaming concept. Westcoast was directed to record the revenues in a deferral account for disposition at its next toll hearing.

Name Change - Westcoast Energy Inc.

The Board has been informed that Westcoast Transmission Company Limited has changed its name to Westcoast Energy Inc. Future communications with that company will be addressed to Westcoast Energy Inc.

Board Membership

Mr. J.R. Jenkins' term as a Board Member has been extended one year, effective 13 November 1988.

Reports and Speeches

1. *Freedom of Information vs. Confidentiality*, an address by N. Bourque, Assistant Secretary - Communications, at the National Association of Tribunal Secretaries Conference in Ottawa, on 30 May 1988.
2. *The Challenge for Conservation and Renewable Energy Sources*, an address by R. Priddle, Chairman, at the Solar Energy Society of Canada Conference: Energy Solutions for Today in Ottawa, on 23 June 1988.
3. *Growth of Canadian Gas Trade to New England*, an address by J.R. Jenkins, Member, at the New England Conference of Public Utility Commissioners in Rockport, Maryland, on 26 June 1988.
4. A statement by R. Priddle, Chairman, before the House Legislative Committee Considering Bill C-130, An Act to Implement the Free Trade Agreement between Canada and the United States on 12 July 1988.
5. Annual Report Pursuant to the Access to Information Act and the Privacy Act, 1 April 1987 to 31 March 1988.

News Releases

The Board's news releases are available in both official languages through Info Globe's *Key Government*

Documents Database. Info Globe is the electronic publishing division of Toronto's Globe and Mail.

In addition, briefs of the Board's news releases are dispatched across Canada by Canada News Wire Service to its clients, which include the major national and local media outlets.

Instructions for Filing

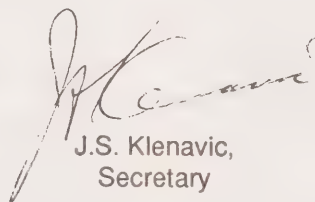
All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 [Telex: (NEB OTT) 053-3791; Telecopier: (613) 990-7900]. The appendix at the end of the agenda lists the number of copies required for different types of applications.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L2: Oil matters
- L3: Gas matters
- L4: Oil and gas matters
- L5: Electrical matters
- L6: Annual reports only
- L7: Press releases only
- L8: Regulatory agendas only

NATIONAL ENERGY BOARD



J.S. Klenavic,
Secretary

For copies of documents contact: Regulatory Support Office
(613) 998-7204

For information contact: Ulana Perovic
Information Services
(613) 998-7196

Appendix

INSTRUCTIONS FOR FILINGS WITH THE NATIONAL ENERGY BOARD

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies	Type of Application or Filing	No. of Copies
(a) Hearing Matters		(iii) Oil Exports	
(i) Certificates		Registered Oil Export Orders	10
– Pipeline	35		
– Power line	30	(iv) Tolls	
(ii) Export licences		Class I and II Adjustments	20
– Natural gas	35	Interim Orders	20
– Electricity	30	Operating and Maintenance Budgets	20
(iii) Tolls	35	Changes in Depreciation Rates	20
(iv) Land Acquisition	10	Quarterly Surveillance Reports	20
		New or Changed Tariffs	20
(b) Non-Hearing Matters		Domestic Gas Sales Contracts and Amendments	20
		Amendments to Tariff Orders	20
(i) Natural Gas		(v) Pipelines and Power Lines	
Export Orders	20	Exemption Orders Power Lines	15
Orders for Transmission Access	20	Exemption Orders Pipelines	
Licence Amendments	20	(Sec. 49)	20
Amendments to Export Contracts	20	Certificate Amendments	20
Licence Revocations	20	Certificate Revocations	20
(ii) Electricity Exports		Leaves to Sell or Transfer	20
Orders	15	Incident Reports	20
Licence Amendments	15	(iv) Other	
Licence Revocations	15	Applications for Review	30

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5. [Telex: (NEB OTT) 053-3791; Telecopier: (613) 990-7900]

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the National Energy Board Act include the licensing of oil, natural gas, and electricity exports, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board also has specific responsibilities under the Northern Pipeline Act and the Energy Administration Act. In addition, Board inspectors have been appointed safety officers by the Minister of Labour to administer Part IV of the Canada Labour Code

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National Energy Board
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REGULATORY AGENDA

Issue No. 27

1 December 1988

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Preface

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1970, c.N-6.

A profile of the National Energy Board appears on the last page of this agenda.

This document is also available in French.

Ce document est également publié en français.



Hearing Matters

Recent Hearing Reports and Decisions

Since the 1 September 1988 edition of the Agenda, the following reports have been published by the Board following public hearings:

1. Canadian Hunter Exploration Ltd. - GH-2-88

Reasons for Decision dated August 1988, issued 14 September 1988. The Board issued Licence GL-107 authorizing the export of up to 3381 million cubic metres (119 billion cubic feet) of natural gas over a 20-year period, beginning in November 1990. The natural gas will be sold to G.A.S. Orange Development Inc. of New York and will be used to supply a new cogeneration facility to be built in Syracuse, New York.

The application was the subject of a one-day hearing held on 3 August 1988 in Calgary.

2. St. Clair Pipelines Ltd./TransCanada PipeLines Limited - GH-3-88

Reasons for Decision dated October 1988, issued 28 November 1988. The Board authorized St. Clair Pipelines to build a 700-metre pipeline under the St. Clair River near Sarnia, Ontario. The new pipeline would link the storage and transmission facilities of two pipeline companies, Union Gas Limited in Ontario and Michigan Consolidated Gas Company in Michigan. The pipeline would be 610 millimetres (24 inches) in diameter. In its application, St. Clair stated that the link would also increase accessibility to supplies of competitively priced American gas and provide access to Michigan Consolidated's underground storage facilities.

The Board denied an application filed 25 August 1988 by TransCanada PipeLines Limited as an alternative to St. Clair's proposal. TransCanada proposed to build a 3.3-kilometre loop on its existing Dawn Extension to provide service between Union and Michigan Consolidated.

The applications were heard together at a hearing in Ottawa held from 20 to 27 September 1988.

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have been completed.

1. TransCanada PipeLines Limited - GH-4-88

TransCanada filed an application dated 28 July 1988 for approval to expand its pipeline system in Saskatchewan, Manitoba, Ontario and Quebec in order to increase its capacity to serve expanding domestic and export markets.

The expansion includes the construction of 21 sections of pipeline, totalling 320 kilometres, parallel to the existing line, the installation of eight new compressors at existing compressor stations, the upgrading of five compressors, and modifications to three existing compressors.

TCPL has estimated the facilities would cost \$555 million and has stated they will be required by 1 November 1989 in order to meet the projected sales and transportation requirements of existing contracts and to provide new services in the domestic and export markets. The facilities would also provide advance capacity to accommodate new firm services expected in the future.

The hearing was held in Ottawa from 18 October to 15 November.

The Board's reasons for its decision are expected to be released mid-January.

2. Trans Québec & Maritimes Pipeline Inc. - RH-2-88

On 7 July 1988, TQM applied for the approval of new tolls for the transportation of natural gas, effective 1 January 1989 and 1 January 1990. TQM requested approval of a monthly toll of \$5.945 million in 1989 and \$5.858 million in 1990. The current monthly toll is \$6.038 million. The company also requested a rate of return on equity of 14.5 percent in 1989 and 14.75 percent in 1990 on a common equity ratio of 25 percent until October 1990. In its application, TQM sought to have the common equity ratio increased to 30 percent effective November 1990. The current rate of return on equity is 13.75 percent on a deemed equity ratio of 25 percent.

The oral portion of the hearing, which dealt with evidence on rate of return matters and which

included argument and reply on all matters, was held from 21 to 24 November in Ottawa. Evidence on issues other than rate of return was dealt with by written submission.

The Board expects to release the reasons for its decision early in the new year.

3. Dome Petroleum Limited - GH-6-88

By application dated 28 July 1988, Dome applied for a licence to export a total of 1.504 billion cubic metres (0.05 trillion cubic feet) of natural gas over 13 years, beginning 1 November 1988, to Northern States Power Company. Dome is currently exporting under a short-term export order and wishes to convert the existing sale into a long-term arrangement.

The application was heard on 12 October 1988 in Calgary.

The Board expects to release its decision early in the new year.

4. ProGas Limited and Western Gas Marketing Limited - GH-7-88

On 11 August 1988, ProGas and Western Gas Marketing, as agent for TransCanada PipeLines Limited, filed applications to vary their existing licences or to have new licences issued to serve Phase II of the Ocean State Power project to be constructed in Burrillville, Rhode Island.

ProGas proposes to export 5.17 billion cubic metres (0.18 trillion cubic feet) for 20 and a half years, beginning 1 May 1991.

Western Gas Marketing proposes exporting 5.4 billion cubic metres (0.19 trillion cubic feet) over 21 and a half years, also beginning May 1991.

A hearing to consider both applications was held on 13 October 1988 in Calgary.

The decision is expected to be released early in the new year.

5. TransCanada PipeLines Limited - 1988 and 1989 Tolls - RH-1-88 - Phase I

On 21 December 1987, TransCanada applied for approval of new tolls effective 1 January 1988. At the same time it applied for an interim toll order to

be effective 1 January 1988 and lasting until new final tolls were established following a public hearing. On 30 December 1987, the Board issued Order TGI-55-87 which made TransCanada's existing tolls interim effective 1 January 1988. On 20 January 1988, the Board set the level of interim tolls at 10 percent below the 1987 level.

TransCanada had based its application for new tolls on a test year of 1 July 1988 to 30 June 1989. On 7 January 1988 the Board directed TransCanada to file a new application by 5 February 1988 using a test year which conformed to the company's fiscal year, being the calendar year.

On 29 January 1988, the Board informed TransCanada that the public hearing on the application to be filed by 5 February would be held in two phases. Phase I would deal with toll design and tariff issues including self-displacement by distributors. Phase II would deal with cost of service issues and any remaining tariff matters.

On 5 February, TransCanada filed a new application (the previous application was withdrawn in January) in accordance with the Board's directive, addressing only toll design issues for both fiscal years, 1988 and 1989. On 4 July it filed supplementary evidence addressing cost of service issues. On 8 September, this supplementary evidence was replaced by new evidence.

A pre-hearing conference to discuss procedural matters was held on 21 April in Toronto.

Phase I of the hearing began on 16 May 1988 in Ottawa and ended 13 September, a total of 54 sitting days. On 17 June, the Board issued its decision on one issue considered at the hearing, the disposition of the balances in deferral accounts as of 31 December 1987 and related carrying charges. The Board decided that the balances, totalling a net credit of some \$76 million, were to be amortized to the cost of service during the six-month period beginning 1 July 1988. The Board approved new interim tolls, effective 1 July, reflecting a 30 percent decrease from the interim tolls previously in place.

On 15 November 1988, the Board established new interim tolls to be effective 1 January 1989. The new tolls are 23 percent higher than the current interim tolls and are based on TransCanada's 1989 forecast revenue require-

ment adjusted to reflect the currently approved rate of return.

The Board expects to release its decisions and Reasons for Decision on the remaining issues of Phase I in January 1989. (Refer also to item 1 below.)

Hearings Scheduled

The following hearings are scheduled to commence on the date indicated.

1. TransCanada PipeLines Limited - 1988 and 1989 Tolls - RH-1-88 - Phase II

(Refer also to item 5 above)

Phase II of the hearing deals with rate of return, rate base, cost of service, and toll design and tariff matters. A pre-hearing conference to discuss procedural matters was held in Ottawa on 18 October. Phase II will commence on 9 January in Calgary and will continue until 20 January. The hearing will reconvene in Ottawa on 25 January.

2. Alberta and Southern Gas Co. Ltd. - GH-5-88

In November 1987, Alberta and Southern applied to vary Licence GL-99, which authorizes the export of natural gas to Pacific Gas Transmission in the United States. The company asked for a 16-year extension of the term of the licence from 1994 to 2010 and an increase of 169.3 billion cubic metres (6.0 trillion cubic feet) in the total volume to be exported.

By Order GH-5-88, dated 16 August 1988, the Board set the application down for hearing beginning 6 December 1988 in Calgary.

3. Licences Underpinning the TransCanada 1989 Facilities (GH-4-88) Application - GH-8-88

The Board has received a number of applications for new export licences or amendments to existing licences. These licences would underpin the facilities requested by TransCanada in an application recently considered under GH-4-88 (Refer to item 1 under *Hearing Decisions Pending*). By Order GH-8-88, the Board decided the applications will be heard together, beginning 24 January 1989 in Calgary. Interventions are due 5 December 1988.

Details of the applications follow.

- a. Canterra Energy Ltd., dated 13 September 1988
Norcen Energy Resources Ltd., dated 14 September 1988
Poco Petroleum Ltd., dated 15 September 1988
Shell Canada Ltd., dated 14 September 1988
Western Gas Marketing Limited, dated 15 September 1988

The companies are proposing to export a total of up to 22 billion cubic metres (0.77 trillion cubic feet) of natural gas to the Consumers Power Company and Midland Cogeneration Venture Limited Partnership of Michigan. The exports would take place at Emerson, Manitoba over a 16-year period between 1988 and 2005.

- b. Vector Energy Inc., dated 29 August 1988

Vector proposes exporting up to 380 million cubic metres (13.4 billion cubic feet) per year over a 20-year period between 1989 and 2009. The gas would be sold to Altresco Inc. of Denver, Colorado, for a proposed cogeneration facility in Pittsfield, Massachusetts.

- c. Direct Energy Marketing Limited, dated 12 October 1988

Direct Energy plans to export up to 936 million cubic metres (33 billion cubic feet) over 15 years, beginning November 1989. The gas would be sold to Consolidated Fuels, which would use the gas to fuel the Arrowhead cogeneration facility to be constructed in East Georgia, Vermont.

4. Western Gas Marketing Limited/ProGas Limited - GH-9-88

The Board has received applications from Western Gas Marketing, dated 16 September 1988, and ProGas, dated 28 October 1988 to export natural gas to the United States. By Order GH-9-88, the applications were set down for hearing to be held in Calgary, following the conclusion of the hearing held under GH-8-88 (Refer to item 3 above). Interventions are due to be filed by 5 December 1988.

Western Gas Marketing has requested that the term of its Licence GL-83, which authorizes natural gas exports to Boundary Gas Inc., be extended from November 1996 to January 2003. The exports take place at Niagara Falls, Ontario.

ProGas has requested that its Licence GL-98, which authorizes exports to four American interstate companies serving the U.S. midwest and northeast, be extended by six years, from 1994 to 2000. The amendment would permit 33.48 billion cubic metres (1.18 trillion cubic feet) to be exported during the extended term of the licence.

5. North Canadian Oils Limited - Access to Foothills Pipeline - MH-2-88

By application dated 17 August 1988, North Canadian Oils requested the Board to issue an order under section 59(2) of the Act, requiring Foothills Pipe Lines (Yukon) Ltd. to provide firm service to North Canadian Oils on the Foothills pipeline system in Saskatchewan.

The Board decided to hold a public hearing on the application. The hearing will commence in Calgary on 13 February 1989. Interventions are to be filed by 7 December 1988.

6. British Columbia Hydro and Power Authority

By application dated 10 August 1988, B.C. Hydro requested that the term of its Licence EL-162, issued in 1984, be extended beyond 30 September 1988. B.C. Hydro did not ask for any particular duration of the extension. Because of specific changed circumstances since the licence was first issued, the Board is considering the application as an application for review under subsection 17(1) of the Act.

In order to allow sufficient time for the review to be conducted, the Board extended the termination date of the licence by six months, to 31 March 1989, and issued Order AO-2-EL-162, subsequently approved by Governor in Council on 17 October 1988 (P.C. 1988-2398).

With respect to the conduct of the review, the Board decided to proceed by way of public hearing at a date and location to be announced later.

Applications Filed - No Dates set for Hearing

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either on hold at the request of the applicant, still under review by the Board's staff, or deficient in terms of information so far supplied.

Company	Date of Application	Description
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System
4. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to United States (Venture Project)
5. Sulpetro Limited	14 March 1986	Amendment to Licence GL-82 to extend the term and increase authorized exports. It is expected that Esso Resources Canada Limited, which purchased Sulpetro Limited, will assume sponsorship of this application. In April 1988, the Board assigned Licence GL-82 to Esso Resources.
6. Pan Alberta Gas Limited	26 July 1988	Amendments to Licence GL-97 to extend the term of licence by 5 years from 1 November 1996 to 31 October 2001.
7. Esso Resources Canada Ltd. Shell Canada Ltd.	21 Sept. 1988	Licences to export natural gas from the Mackenzie Delta to the United States
8. Hydro-Québec	27 October 1988	Amendment to Licence EL-96 to extend the term by 7 years from 1991 to 1998.

Company	Date of Application	Description
9. ProGas Limited	15 November 1988	Amendments to Licences GL-80 and GL-81 to re-allocate currently authorized term quantities between the two licences, extend the terms to 31 October 2005 and amend the daily and annual volumes. In the alternative, ProGas seeks a new licence incorporating the above-noted terms and conditions.
10. Shell Canada Ltd.	21 November 1988	Amendment to Licence GL-100 to add an additional customer, extend the term, and increase the daily annual and term quantities.

Non-hearing Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, and to authorize toll adjustments.

Since the 1 September 1988 edition of the Agenda, the following major matters have been considered by the Board.

Reviews

1. Interprovincial Pipe Line Company

In late 1986, the Board commenced a review of its decision to adopt recommendation 5.9 made by the Board's panel investigating a fatal accident in 1985 on Interprovincial's pipeline near Camrose, Alberta. The recommendation required pipeline companies under Board jurisdiction to remove all welds in certain circumstances and to check the soundness of a sample of welds in others.

On 22 July 1988, the Board informed industry that it agreed with the two-phase process of review suggested by industry. The first phase consists of a program of inspection or sampling with the intent of gathering evidence for the review. The evidence is due to be filed by the companies by

31 December 1988. The second phase will consist of a review of the recommendation in view of the new evidence; the Board has reserved its decision on whether to hold a public hearing for this purpose.

In a related matter, the Board invited industry to submit comments on the eleven other recommendations in the inquiry panel's report. On 22 January, 14 April and 22 July 1988, the Board made a number of decisions in respect of the recommendations and approved corresponding amendments to the proposed Onshore Pipeline Regulations. (See item 1 under *Amendments to Regulations*.)

2. Trans Mountain Pipe Line Company Ltd.

By applications dated 19 September 1988, the Burnaby Citizens for Environmental Protection requested the Board to review and stay its July 1988 decision authorizing Trans Mountain to expand its pipeline system in Alberta and British Columbia, which included the installation of three new storage tanks at Burnaby.

On 30 September, the Board asked the Citizens to clarify certain portions of its applications and established the schedule for comments to be submitted on the applications and for reply comments from the Citizens.

The applications are currently under review. (See also item 3 under *Appeals*.)

3. Union Gas Limited

On 10 November 1988, Union asked the Board to review its July 1988 decision on facilities to be built by TransCanada PipeLines Limited. Specifically, Union requested that TransCanada be required to satisfy the Board that the construction of its Kirkwall Line near Hamilton, Ontario would not duplicate facilities already existing on the Union system. Union also requested that the certificate issued to TransCanada authorizing the Kirkwall Line be amended by adding a condition requiring TransCanada not to begin construction until the Board disposes of Union's application.

On 17 November, the Board issued its decision, with reasons to follow, denying Union's application.

Appeals

1. Cyanamid Canada Pipeline Inc.

On 6 April 1987, Cyanamid applied for a review of the Board's December 1986 decision that the Board had jurisdiction over a short pipeline to be constructed by Cyanamid from its plant at Welland to the TransCanada pipeline at Black Horse Station, Ontario. In view of a judgment in March 1987 of the Divisional Court of the Supreme Court of Ontario, which had confirmed the exclusive jurisdiction of the Ontario Energy Board over by-pass pipelines in Ontario such as Cyanamid's proposed facilities, Cyanamid also requested that the question of jurisdiction be referred to the Federal Court of Appeal to confirm federal jurisdiction over its proposed facilities. In April 1987, the Board decided to proceed with the review and to refer the issue of jurisdiction to the Federal Court of Appeal.

On 27 November 1987, the Federal Court of Appeal ruled that the Board did not have jurisdiction over the proposed Cyanamid Canada Pipeline Inc. facility. Cyanamid then filed an application with the Supreme Court of Canada for leave to appeal the Federal Court's decision. The application was heard by the Court on 25 April 1988. In a decision rendered from the bench, the Court granted leave to appeal.

Following the judgment of the Divisional Court on typical by-passes in Ontario, the Lieutenant Governor of Ontario brought a reference to the Ontario Court of Appeal on the matter of provincial jurisdiction over by-pass facilities. The reference was heard in October 1987 and the Court of Appeal rendered its decision in February 1988, affirming that by-pass pipelines similar to that proposed by Cyanamid fell within provincial jurisdiction. Cyanamid has also appealed the decision of the Court of Appeal of Ontario in the Supreme Court of Canada. It is anticipated that Cyanamid's two appeals before the Supreme Court of Canada will be heard together.

2. Northridge Petroleum Marketing, Inc. and ENRON Canada Ltd.

In late June 1987, Northridge and ENRON filed with the Federal Court of Appeal applications for leave to appeal the Board's decision contained in its letters of 26 May 1987 concerning complaints against TransCanada PipeLines Limited.

In the complaints, Northridge and ENRON raised concerns about the tolls charged by TransCanada for gas sold under competitive marketing program agreements.

On 18 August 1987, the Federal Court of Appeal granted leave to appeal. The appeal documentation is being prepared.

3. Corporation of the District of Burnaby

On 16 September 1988, the Corporation filed an application with the Federal Court of Appeal for leave to appeal the Board's July 1988 decision authorizing Trans Mountain Pipe Line Company Ltd. to expand its pipeline system in Alberta and British Columbia, in particular, to install three new storage tanks at Burnaby.

On 17 October, the Court heard the application in Vancouver and dismissed it. (See also item 2 under Reviews.)

Natural Gas Market Assessment

In its decision of July 1987, *Review of Natural Gas Surplus Determination Procedures*, the Board indicated it would publish, from time to time, an assessment of the short-term functioning of the Canadian natural gas market. The first of these reports, *Natural Gas Market Assessment 1988*, is expected to be published in December 1988.

Natural Gas - Monthly Statistics

The Board has recently consolidated several statistical reports on the export and import of natural gas into a single publication, entitled *Natural Gas Exports and Imports*. Copies of this monthly report may be obtained from Gwen Falls, Gas and Oil Branch, (613) 990-6530.

Energy Supply/Demand Update

The Board last published its projections of Canadian energy supply and demand in December 1986 in a staff report entitled *Canadian Energy Supply and Demand: 1985-2005*, dated October 1986.

Board staff is updating its projections, separate from any of the Board's current or anticipated regulatory proceedings. Formal views were not solicited, but parties interested in making their views known to Board staff were invited to submit them by mid-February 1988. These submissions are available for

public viewing in the Board's library in Ottawa and at its Calgary office.

The staff's report on the outlook for the period 1987 to 2005 is expected to be published on 7 December 1988.

Implementation of New Electricity Export Policy

In September 1988, the Minister of Energy, Mines and Resources announced a new electricity export policy and asked the Board to implement the new policy to the maximum extent consistent with the existing Act. The Minister also requested the Board's advice on any immediate changes the Board believes needed to be made to its existing regulations, rules and procedures in order to give effect to the new policy. Under the new policy, following amendments to the Act, it will be possible for the Board to authorize most electricity exports and international power lines by permit, without the requirement for a public hearing or for Governor in Council approval. The Board is preparing its response to the Minister's request, expected by the end of the year.

Electricity Review

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review interprovincial electricity trade. Specifically, Mr. Masse asked the Board to review and report on possible measures that could be taken to (i) enhance interprovincial trade, (ii) encourage greater cooperation between utilities in systems planning and development, and (iii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces. The Board is considering how to conduct the review.

Regulations Respecting Leave of the National Energy Board for Crossings of Pipelines

The Board issued new regulations governing the crossing of federally regulated pipelines by third parties. The regulations are in two parts.

Part I of the regulations sets out the circumstances and conditions under which leave of the Board is not required before excavating on a pipeline right-of-way or constructing a highway, ditch, utility, etc., across a pipeline or its right-of-way. To meet the conditions for not requiring leave, the excavator or contractor must undertake certain responsibilities, such as following specified construction procedures and complying

with the pipeline company's instructions in the field. Part I was given final approval by the Board on 17 October 1988. It did not require approval of the Governor in Council.

Part II of the regulations defines the responsibilities which are imposed on the pipeline company to ensure safety during construction of the crossing. Part II was approved by Governor in Council on 17 October 1988 by Order in Council P.C. 1988-2380.

As a result of the passage of these regulations, General Order No. 2 has been amended, so that it no longer applies to any applications approved after 17 October 1988; however, its conditions apply to those approvals granted prior to the new regulations coming into force. As well, the Pipeline Overhead Crossing Order was rescinded.

Regulations Pertaining to Crossings Involving International Power Lines

Following receipt of comments from interested parties on draft International Power Line Crossing Regulations, the Board approved a new draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

1. International Power Line Crossings, Construction and Abandonment Regulations

These regulations deal with crossings by international power lines as well as the company's responsibilities to maintain crossing records, abandon crossings, and report incidents.

2. International Power Line Crossings Regulations

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

The scope of these regulations is being re-examined in view of the new electricity export policy recently announced. (See also *Implementation of New Electricity Export Policy*.)

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations, which came into effect 1 September 1988, will be amended to reflect the outcome of deliberations on the 12 recommendations included in the Board's report of June 1986 on an accident in February 1985 on Interprovincial's pipeline system. (See item 1. under *Reviews*.)

2. Offshore Pipeline Regulations

On 24 November 1988, the Board issued for comment the second draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA preliminary standard, "CSA Z187, Offshore Pipeline Standard", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties have been invited to submit comments by 28 February 1989.

3. Part VI Regulations

The Part VI Regulations are being amended to reflect recent changes in export regulation, e.g., new natural gas surplus determination procedures and changes to electric power export regulation. As well, changes suggested by the Standing Joint Committee on Regulatory Scrutiny will be made, including the removal of certain provisions respecting export and import reporting requirements, which are now to be included in the Export and Import Reporting Regulations (see below).

The proposed amendments, when made, will require examination by the Department of Justice and approval by Governor in Council.

4. Export and Import Reporting Regulations

These proposed regulations would require persons exporting oil, natural gas, or power, or importing natural gas under licence or order to provide certain information to the Board.

The information is similar to that currently required by the Part VI Regulations. However, on the suggestion of the Standing Joint Committee on Regulatory Scrutiny, the Board decided to remove the reporting requirements from the Part VI Regulations, and make new regulations under subsection 88(1) of the NEB Act.

The regulations, which will require Governor in Council approval, will be processed together with the above-noted changes to the Part VI Regulations.

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the Rules of Practice and Procedure and the schedules which form part of the rules. The Board has asked all parties to use them, although they must still be published in the Canada Gazette before they become binding. It is expected that publication will occur in the next few months.

Communication Between Counsel and Witnesses

Concurrent with the revision to the Rules of Practice and Procedure, the Board is considering including a new rule governing communication between counsel and their witnesses once the witnesses have been handed over for cross-examination.

The Board issued a proposed rule and provided interested parties who appear before it an opportunity to comment on it. The comments which have been received are currently under review.

Improving Public Hearings

By letter dated 20 February 1987, the Board proposed a number of steps that might be taken to improve and streamline the regulatory process and invited parties to submit their views by 31 March 1987.

Following receipt of comments from some 40 interested parties, the Board issued on 30 June 1987 a letter to parties outlining its position and intentions both with respect to measures within its purview for improving hearings and measures that require the cooperation and commitment of all parties.

Several submitters also made suggestions in areas other than those that had been proposed by the Board. Suggestions involved such subjects as the increased use of pre-hearing conferences, the use of negotiated settlements in toll cases, the role of Board staff, and generic rulemaking. By letter dated 16 December 1987, the Board expressed its initial reaction to those suggestions and gave parties until 31 March 1988 to comment. After reviewing the comments received, the Board published on 24 October

1988 a report setting out its current position with respect to the suggestions.

Pipeline Matters

1. Westcoast Energy Inc. - Laprise Off-load

By application dated 8 July 1988, Westcoast requested authorization to purchase and construct the Laprise off-load facilities, located in northeastern British Columbia. The facilities are expected to cost about \$14.9 million and would allow the diversion of 2.3 million cubic metres per day of raw gas from the Taylor complex to the Fort Nelson mainline.

After considering the comments received from interested parties and from Westcoast, the Board approved the application and issued Orders XG-28-88 and TG-7-88 on 19 and 26 October 1988.

2. Westcoast Energy Inc. - Redwillow Pipeline

By application dated 21 September 1988, Westcoast requested approval to construct the 8.4 kilometre Redwillow pipeline in northeastern British Columbia. The facilities, estimated to cost \$1.4 million, would permit sour gas in the Thunder area to be gathered and delivered to the Pine River Processing Plant.

The Board approved the application on 19 October 1988 and issued Order XG-26-88.

3. Shell Canada Products Limited

On 15 July 1988, Shell Canada requested approval to build a pipeline crossing under the St. Clair River near Corunna, Ontario. The pipeline would permit Shell to export natural gas liquids to its affiliate, Salmon Resources Ltd. The pipeline would interconnect with a new pipeline to be built by Salmon which would extend to the Consumers Power Company gas reforming plant in Marysville, Michigan. The Canadian portion of the pipeline would be approximately one kilometre long and would cost \$1.2 million.

On 7 September 1988, the Board issued Order XG-23-88, authorizing the construction of the pipeline.

4. Serving of Proposed Acquisition Notices under Subsection 75(1) of the Act

On 26 October 1988, the Board issued a Memorandum of Guidance to pipeline companies under its jurisdiction clarifying the groups of people that must be served with notices of proposed land acquisition under subsection 75(1) of the Act.

The Board confirmed that a pipeline company is required to serve a notice of proposed acquisition of lands on all identifiable parties that have an interest (registered or otherwise) in any particular lands that a company proposes to acquire for its pipelines. This would include parties such as trappers.

5. Interprovincial Pipe Line Company - Kerrobert Accident Inquiry

The Board decided on 3 November 1988 that it will investigate a fatal accident that occurred on 7 October 1988 at Interprovincial's Kerrobert Pump Station. The inquiry will be conducted by means of written submission.

Traffic and Toll Matters

1. Kingston Public Utilities Commission

On 15 July 1988, Kingston Public Utilities Commission filed an application for an order requiring TransCanada to receive, transport and deliver an additional firm supply of 51 000 cubic metres per day of natural gas to the Commission, beginning 1 November 1988.

After considering the comments received from interested parties, the Board approved the application on 30 September 1988.

2. Westcoast Energy Inc. - New Storage Service Tolls

On 19 May 1988, Westcoast filed new tolls to initiate a transportation storage service in Zone 3A for gas to be stored in, and redelivered from, the underground reservoir operated by Unocal Canada Limited in northern British Columbia. The demand and commodity components of the proposed toll represented charges equal to 125 and 100 percent respectively of the existing transportation tolls for the zone.

The Board approved the new service on 25 August 1988 but denied the company's request for a 25 percent premium on the demand portion of the toll.

3. Westcoast Energy Inc. - Northwest's Force Majeure Claim

Westcoast applied on 3 October 1988 to establish a deferral account to cover its potential financial exposure resulting from a force majeure claim made by Northwest Pipeline Corporation on 30 September 1988. Westcoast is disputing the claim in the American courts.

On 20 October 1988, the Board approved the deferral account and established a monthly monitoring system to keep the Board and interested parties informed of the latest developments and the amounts accruing in the deferral account.

4. Interprovincial Pipe Line Company - Toll Design Study

On 28 June 1988, Interprovincial Pipe Line Company, a division of Interhome Energy Inc., filed a toll design study in compliance with NEB Reasons for Decision RH-4-86 dated June 1987. This study addresses a number of toll design issues including the appropriate levels of surcharges for medium and heavy crude oils.

The Board decided that it would be expeditious to include Trans Mountain Pipe Line Company Ltd. in its forthcoming review of the toll design issues raised by Interprovincial's study. On 1 September 1988 Trans Mountain was directed to comment by 31 October 1988 on issues raised in the study.

On 4 November 1988, the Board granted Trans Mountain's request for an extension to 7 December 1988 for filing its comments.

5. Foothills Pipe Lines (Yukon) Ltd. - Special Charge

On 23 August 1988, the Board proposed to extend, subject to comments by interested parties, the inclusion of the amortization of and return on certain costs related to the mainline (Phase II) of the Alaska Highway Gas Pipeline in the cost of service of the prebuilt (Phase I) portion of the pipeline. These amounts are reflected in the Phase I cost of service as a Special Charge.

No comments on the proposed extension were received.

The Board decided on 29 September 1988 to extend the inclusion of the charge to 1 November 1992.

6. TransCanada PipeLines Limited - Contract Renewal Rights

The Board's July 1988 Reasons for Decision pursuant to GH-2-87 directed TransCanada to amend its firm service toll schedule to provide for the continuous renewal of domestic and export firm service contracts serving long-term markets. Any customers that TransCanada considered were not serving long-term markets were to be so informed by 30 September 1988.

On 29 September, TransCanada issued a letter to all of its firm service shippers, advising them that TransCanada was not in a position to assume that current firm service contracts were, or would be, serving a long-term market, unless each customer could provide TransCanada with evidence that the customer's gas requirements represented a long-term market.

Ten companies wrote to the Board, arguing that TransCanada's letter did not comply with the July 1988 decision.

On 27 October, the Board informed TransCanada that its letter did not, in the Board's view, comply with its direction contained in the July 1988 decision and that, consequently, the letter would not operate to suspend any renewal rights of any current firm service customer. In its letter to TransCanada, the Board stated "The onus is ultimately on TransCanada to conduct its own assessment of natural gas markets and to demonstrate that a particular shipper does *not* serve a market requiring long-term pipeline capacity."

The Board required TransCanada to identify and notify, by 1 May 1989, each shipper it considers is not serving a long-term market and which, as a result, would not be granted an automatic right of contract renewal. TransCanada is to provide each customer so notified with the reasons for its determination, which may be appealed to the Board. The Board also required TransCanada to renew

for one year any contracts expiring prior to 1 May 1989.

7. TransCanada PipeLines Limited - Subsection 59(2) Orders

Since 1985, some 85 orders under subsection 59(2) of the Act have been issued to TransCanada, requiring it to carry natural gas for certain customers and shippers that had made direct purchase arrangements for their natural gas supplies.

In April 1987, TransCanada agreed to enter into contracts with the direct shippers to transport the natural gas volumes to the shippers' customers. Some 26 contracts were negotiated and the corresponding subsection 59(2) orders were rescinded.

The Board issued a general rescinding order, in November 1987, which would rescind the subsection 59(2) orders on the date on which gas begins to flow under the firm service contracts or on a later date, specified by the Board as 31 March 1988. At the request of a number of shippers, in March 1988, the Board extended the termination date from 31 March to 31 July 1988 and, during that period, 40 subsection 59(2) orders were rescinded as the shippers arranged their contracts with TransCanada.

On 21 July, the termination date was extended, from 31 July to 31 October 1988, and, on 27 October, the termination date was again extended, from 31 October 1988 to 30 November 1988.

8. Interprovincial Pipe Line Company

On 27 October 1988, Interprovincial filed a Class 2 toll adjustment application proposing new tolls to become effective 1 January 1989. The application is currently under review by the Board.

9. Trans Mountain Pipe Line Company Ltd.

On 31 October 1988 Trans Mountain filed a Class 2 toll adjustment application seeking approval of new tolls to become effective 1 January 1989. The application is currently under review by the Board.

Name Change - Interprovincial Pipe Line Company

On 5 May 1988, Interprovincial Pipe Line Limited changed its corporate name to Interhome Energy Inc. and restructured its organization so that its pipeline activities would be conducted under the name of a newly created business unit, Interprovincial Pipe Line Company, a division of Interhome Energy Inc. Interhome asked the Board to use the name of the new business unit in its dealings with the pipeline.

The Board decided that statutory instruments such as certificates and orders would be issued in the name of Interhome Energy Inc., but that the instruments would indicate that the pipeline operations are conducted under the company's business name, Interprovincial Pipe Line Company, a division of Interhome Energy Inc. The Board also informed Interhome that it would be appropriate for the pipeline to publish its tariffs under the business name.

Board Organization

Mr. David B. Smith was appointed to a three-year term as a Temporary Member, effective 22 September 1988. Mr. Smith will be located at the Board's office in Calgary.

Mr. Kenneth W. Vollman, former Director General of Pipeline Regulation at the Board, was appointed Temporary Member for one year, effective 30 September 1988.

Mr. John Klenavic, former Secretary, was appointed Director General of Pipeline Regulation effective 3 October 1988.

Mrs. Louise Meagher, former Board counsel, was appointed Secretary on the same date.

Standing Panels

Effective 17 November, the membership of the Pipeline Panel was changed by the addition of Mr. K.W. Vollman as a fourth member. The three other members are A.B. Gilmour, J.R. Jenkins and R.B. Horner with A.D. Hunt as the alternate member.

The membership of the Financial Regulatory and Energy Commodities Panels remains unchanged.

The Financial Regulatory Panel comprises J.G. Fredette, W.G. Stewart and A.B. Gilmour, with J.R. Jenkins as the alternate member.

The Energy Commodities Panel is composed of R.B. Horner, J.-G. Fredette, L.M. Thur, A.D. Hunt and W.G. Stewart.

Reports and Speeches

1. *The Outlook for the Canadian Natural Gas Industry*, a speech by A.B. Gilmour, Member, to the Energy Services Group, Cooper Industries, in Atlanta, Georgia, on 8 September 1988
2. *The Board's Role in Northern Pipeline Development*, a speech by R. Priddle, Chairman, at the Conference on Canadian Hydrocarbon Development in the Nineties: A Global Perspective, in Calgary, Alberta, on 4 October 1988
3. *The Emerging Bilateral Canada - United States Trading Relationship*, notes for remarks by A.D. Hunt, Associate Vice-Chairman at the 100th Annual Convention and Regulatory Symposium of the National Association of Regulatory Utility Commissioners, in San Francisco, California, on 3 November 1988
4. *The New Regulatory Stance of the National Energy Board*, a speech by R.M. White, Director, Gas and Oil Branch, to the Canadian Energy Research Institute and the Institute of Gas Technology Symposium on Canada-U.S. Gas Trade, in Chicago, Illinois on 14 November 1988.
5. *The 1995 Regulatory Framework*, a speech by R. Priddle, Chairman, to the Fourth INFO-TECH

Canadian Natural Gas Marketing Conference in Calgary, Alberta on 16 November 1988

6. *Security of Natural Gas Supply - The Role of the National Energy Board*, a speech by R. Priddle, Chairman, to the Gas Deregulation Update Conference in Toronto, Ontario on 23 November 1988

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers is attached.

Instructions for Filing

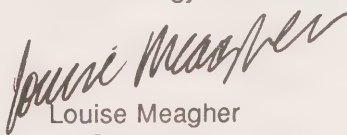
All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900).

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added thereto, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L2: Oil matters
- L3: Gas matters
- L4: Oil and gas matters
- L5: Electrical matters
- L6: Annual Reports only
- L7: Press releases only
- L8: Regulatory agendas only

National Energy Board


Louise Meagher
Secretary

For copies of
documents contact: Regulatory Support Office
(613) 998-7204

For information
contact: Ulana Perovic
Information Services
(613) 990-1850

NATIONAL ENERGY BOARD

Selected List of Telephone Numbers

BOARD MEMBERS

Chairman	R. Priddle	990-3454
Vice-Chairman	J.-G. Fredette	990-3462
Assoc. Vice-Chairman	L.M. Thur	990-3264
Assoc. Vice-Chairman	A.D. Hunt	990-3466
Member	J.R. Jenkins	990-3460
Member	R.B. Horner	990-3459
Member	W.G. Stewart	990-3470
Member	A.B. Gilmour	990-3312
Temporary Member	D.B. Smith	(403)292-6694
Temporary Member	K.W. Vollman	990-3465

EXECUTIVE DIRECTOR

Executive Director	R. Glass	998-7190
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Finance and Administration Branch

Director	W.R. Ganim	990-6523
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Personnel Branch

Director	J. Thompson	993-4823
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Planning and Review Branch

Director	C. Scott	990-6845
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Information Technology Branch

Director	D. Emmens	998-7974
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Office of the Secretary

Secretary	L. Meagher	990-3167
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Asst. Secretary Regulatory	G.A. Laing	990-3447
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Asst. Secretary Communications	N. Bourque	998-7193
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Chief, Information Services	A. Sicotte	990-3166
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Manager, Library	N. Park	990-6221
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Board Distribution Centre (Room 1064)		998-7204
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General Information		998-7204
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ENERGY REGULATION DIRECTORATE

Director General, Energy Regulation	P.L. Miles	998-7929
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Economics Branch

Director	M. Segal	998-9378
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Manager, & Asst. Director, Economic Analysis Group	R. Jackson, Jr.	998-7213
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Manager, Forecasting and Energy Market Analysis	E. Ruddick	998-7936
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Electric Power Branch

Director	A.N. Karas	990-0329
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Chief & Asst. Director, Power Generation Planning	R. Brilot	990-0335
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Chief, Regulatory East	G. Izsak	990-0334
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Chief, Regulatory West	J.S. Howard	990-0339
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Energy Supply Branch

Director	W.A. Hiles	998-7952
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Chief & Asst. Director, Crude Oil Supply	G.C. Hos	998-7921
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Chief, Special Projects	B. Bowers	998-7922
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Chief, Natural Gas Supply	P.R. Bourgeois	998-7925
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Gas and Oil Branch

Director	R.M. White	990-6235
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Gas:

Chief, Gas Policy Applications	D.M. Dubuc	993-6433
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Chief, Gas Transportation	H.H. Pols	993-7656
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Chief, Gas Regulatory Surveillance	R. Choy	993-7653
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OIL:			Advisor, Accounting, Auditing and Taxation	Aideen Brown	990-3206
Chief & Asst. Director, Petroleum Products	B.A. Wells	990-6238	Advisor, Financial Regulatory	P.A. Martinson	990-3209
A/Chief, Crude Oil	J.A. Datto	990-6244	Pipelines Engineering and Operations Branch		
Chief, International Oil Analysis	C.P. Brown	990-6242	Director	E.L.M. Gordon	998-7160
Chief, Operating Data and Oil Forecasting	N.X. Monteiro	990-6241	Asst. Director	G. Caron	998-7131
PIPELINE REGULATION DIRECTORATE			Chief, Assessment (Alberta Natural Gas, TQM, TransCanada, Trans Mountain, Trans-Northern)	F. Jeglic	998-7133
Director General, Pipeline Regulation	J.S. Klenavic	990-3314	Chief, Assessment (Interprovincial, Westcoast, Foothills)	S. Richardson	998-7134
Environment and Right of Way Branch			Chief, Operations (Trans Mountain, Trans-Northern, TransCanada, Westcoast)	L.H. Gales	998-7118
Director	P.A. Carr	998-7179	Chief, Operations (Cochin, Interprovincial, IPL (NW), Alberta Natural Gas, Foothills)	Z. Lewycky	998-7117
Asst. Director, Environment	J.A. Hodges	998-7181	Technical Advisor	J. Abes	998-7115
Chief, Pipeline Crossings	R.C. Seaman	998-7153	Chief, Field Inspection	D. Watson	998-7125
Financial Regulatory Branch			Law Branch		
Director	H. Pau	990-3188	General Counsel	S.K. Fraser	990-6224
Asst. Director, Operations	G.S. Johnson	990-3191	Assistant General Counsel	J. Morel	990-6223
Chief, (TransCanada, TQM)	C.M. Sharp	990-3203	Counsel	D. Bursey	990-6227
Chief, (Westcoast, Trans Mountain)	J.J. Dolan	990-3204	Counsel	R. Graw	990-6232
Chief, (Interprovincial, IPL (NW), Foothills)	G. O'Brien	990-3205	Counsel	H. Soudek	990-6226
Chief, (Trans-Northern, Alberta Natural Gas, Cochin, Group 2 Pipelines)	J.C. Bruce	990-3213	Counsel	D. Tremblay- Lamer	990-6228
Advisor, Toll Design, Capital and Labour Costs	J.R. Klotz	990-3158	Counsel	A. Vockeroth	990-3488

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the National Energy Board Act include the licensing of oil, natural gas, and electricity exports, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board also has specific responsibilities under the Northern Pipeline Act and the Energy Administration Act. In addition, Board inspectors have been appointed safety officers by the Minister of Labour to administer Part IV of the Canada Labour Code

Head Office:

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National Energy Board



Canada

Office national de l'énergie

REGULATORY AGENDA

Issue No. 28

1 March 1989

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Preface

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7.

A profile of the National Energy Board appears on the last page of this agenda.

This document is also available in French.

Ce document est également publié en français.

Hearing Matters

Recent Hearing Reports and Decisions

Since the 1 December 1988 edition of the Agenda, the following reports have been published by the Board following public hearings:

1. TransCanada PipeLines Limited - 1989/90 Facilities - GH-4-88

Decision released 19 December 1988 with Reasons for Decision to follow; Reasons for Decision dated December 1988, issued 22 February 1989.

The Board approved the expansion of TransCanada's pipeline system in Saskatchewan, Manitoba, Ontario and Quebec in order to increase its capacity to serve expanding domestic and export markets.

The expansion includes the construction of 21 sections of pipeline, totalling 320 kilometres, parallel to the existing TransCanada line, the installation of eight new compressors at existing compressor stations, the upgrading of five compressors, and modifications to three existing compressors.

TransCanada estimated the facilities would cost \$555 million and stated they would be required by 1 November 1989 in order to meet the projected sales and transportation requirements of existing contracts and to provide new services in the domestic and export markets. The facilities would also provide advance capacity to accommodate new firm services expected in the future.

TransCanada's application was the subject of a hearing held in Ottawa from 18 October to 15 November.

The certificates were approved by Governor in Council on 22 December by Order in Council P.C. 1988-2815.

2. Trans Québec & Maritimes Pipeline Inc. - 1989 and 1990 Tolls - RH-2-88

Decision issued 20 December 1988 with Reasons for Decision to follow. At the same time, the Board issued Order TG-10-88, fixing new tolls effective 1 January 1989 and 1 January 1990.

Reasons for Decision dated December 1988, issued 23 February 1989.

The tolls, \$5.886 million in 1989 and \$5.776 million in 1990, reflect successive decreases of about 1.5 percent compared to the 1988 toll. They are based on a continuation of the deemed capital structure of 75 percent debt and 25 percent equity, and a rate of return of equity on 13.75 percent for 1989 and 1990. TQM had applied for a rate of return of 14.5 percent in 1989 and 14.75 percent in 1990.

Evidence on all issues except rate of return was dealt with by written submission. The oral portion of the hearing, which dealt with evidence on rate of return matters and included argument and reply on all matters, was held from 21 to 24 November in Ottawa.

3. Dome Petroleum Limited - Licence Amendment - GH-6-88

Decision announced 21 January 1989; Reasons for Decision dated December 1988, issued 13 February 1989.

The Board issued Licence GL-108, authorizing Dome to export a total of 1.504 billion cubic metres (53 billion cubic feet) of natural gas over 13 years, beginning 1 November 1988, to Northern States Power Company. This volume was being exported under a short-term export order which Dome wished to convert into a long-term arrangement.

The application was heard on 12 October 1988 in Calgary.

Approval by Governor in Council is pending.

4. ProGas Limited and Western Gas Marketing Limited - Gas Export - GH-7-88

Decision announced 21 January 1989; Reasons for Decision dated December 1988, issued 13 February 1989.

By Licences GL-109 and GL-110, the Board granted authorization to ProGas and to Western Gas Marketing, as agent for TransCanada PipeLines Limited, to export natural gas in order to serve Phase II of the Ocean State Power project to be constructed in Burrillville, Rhode Island.

ProGas proposed to export 5.17 billion cubic metres (182.5 billion cubic feet) for 20 and a half years, beginning 1 May 1991.

Western Gas Marketing proposed exporting 5.44 billion cubic metres (192.15 billion cubic feet) over 21 and a half years, also beginning May 1991.

A hearing to consider both applications was held on 13 October 1988 in Calgary.

Approval by Governor in Council is pending.

5. TransCanada PipeLines Limited - 1988 and 1989 Tolls - RH-1-88 - Phase I

Reasons for Decision dated November 1988, issued 5 January 1989.

The Board issued Order TG-8-88, fixing new tolls that TransCanada may charge for the transportation of natural gas on its pipeline system. In its decision, the Board also lifted its prohibition on "self-displacement" effective 1 November 1989. By this decision, the Board will allow the transportation of any gas purchased by distributors under direct sale arrangements to displace gas they were taking from TransCanada.

The hearing on TransCanada's application for new tolls is being held in two phases. Phase I dealt with certain toll design and tariff issues. Phase II is dealing with cost of service issues and the remaining toll design and tariff matters.

Phase I of the hearing began on 16 May 1988 in Ottawa and ended 13 September, a total of 54 sitting days. (Refer also to item 1 under *Hearing in Progress*).

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have been completed.

1. Alberta and Southern Gas Co. Ltd. - Gas Export - GH-5-88

In November 1987, Alberta and Southern applied to vary Licence GL-99, which authorizes the export of natural gas to Pacific Gas Transmission in the United States. The company asked for a 16-year extension of the term of the licence from 1994 to 2010 and an increase of 169.3 billion cubic metres (6.0 trillion cubic feet) in the total volume to be exported.

A hearing to consider the application was held in Calgary beginning on 6 December 1988 and ending on 8 December. The Reasons for Decision are expected to be issued in the spring of 1989.

2. Gas Export Licences In Support of the TransCanada 1989 Facilities (GH-4-88) Application - GH-8-88

The Board received a number of applications for new export licences, or amendments to existing licences, supporting the facilities requested by TransCanada in an application recently considered under GH-4-88 (Refer to item 1 under *Recent Hearing Reports and Decisions*).

Details of the applications follow.

- a. Canterra Energy Ltd., dated 13 September 1988
- Norcen Energy Resources Ltd., dated 14 September 1988
- Poco Petroleums Ltd., dated 15 September 1988
- Shell Canada Ltd., dated 14 September 1988
- Western Gas Marketing Limited, dated 15 September 1988

The companies are proposing to export a total of up to 22 billion cubic metres (0.77 trillion cubic feet) of natural gas to the Consumers Power Company and Midland Cogeneration Venture Limited Partnership of Michigan. The exports would take place at Emerson, Manitoba over a 16-year period between 1988 and 2005.

b. Vector Energy Inc., dated 29 August 1988

Vector proposes exporting up to 380 million cubic metres (13.4 billion cubic feet) per year over a 20-year period between 1989 and 2009. The gas would be sold to Altresco Inc. of Denver, Colorado, for a proposed cogeneration facility in Pittsfield, Massachusetts.

c. Direct Energy Marketing Limited, dated 12 October 1988

Direct Energy plans to export up to 936 million cubic metres (33 billion cubic feet) over 15 years, beginning November 1989. The gas would be sold to Consolidated Fuels, which would use the gas to fuel the Arrowhead cogeneration facility to be

constructed in East Georgia, Vermont. Direct Energy requested that its application be deferred to the next TransCanada facilities proceeding which is scheduled to start on 12 April 1989.

The applications, with the exception of that filed by Direct Energy, were heard at a public hearing held on 24 and 25 January in Calgary.

The Board's Reasons for Decision are expected to be released in the spring of 1989.

3. Western Gas Marketing Limited/ProGas Limited - Gas Licence Amendments - GH-9-88

The Board received applications from Western Gas Marketing, dated 16 September 1988, and ProGas, dated 28 October 1988, to export natural gas to the United States. The applications were considered at a public hearing held in Calgary on 25 January. (Refer to item 2 above).

Western Gas Marketing requested that the term of its Licence GL-83, which authorizes natural gas exports to Boundary Gas Inc., be extended from November 1996 to January 2003. The exports take place at Niagara Falls, Ontario.

ProGas requested that its Licence GL-98, which authorizes exports to four American interstate companies serving the American midwest and northeast, be extended by six years, from 1994 to 2000. The amendment would permit 33.48 billion cubic metres (1.18 trillion cubic feet) to be exported during the extended term of the licence.

The Board expects to publish its Reasons for Decision in the spring of 1989.

4. North Canadian Oils Limited - Access to Foothills Pipeline - MH-2-88

By application dated 17 August 1988, North Canadian Oils requested the Board to issue an order under section 71(2) (formerly 59(2)) of the *Act*, requiring Foothills Pipe Lines (Yukon) Ltd. to provide firm service to it on the Foothills pipeline system in Saskatchewan. The company subsequently filed a second application, dated 16 December, for an order pursuant to subsection 71(3) of the *Act*, directing Foothills to provide suitable facilities for the receipt of natural gas.

The Board's hearing on the applications commenced in Calgary on 13 February and ended 23 February.

The Reasons for Decision are expected to be issued in the spring of 1989.

Hearings in Progress

1. TransCanada PipeLines Limited - 1988 and 1989 Tolls - RH-1-88 - Phase II

(Refer also to item 5 under *Recent Hearing Reports and Decisions*).

Phase II of the hearing deals with rate of return, rate base, cost of service, and toll design and tariff matters. Phase II will also include two applications filed pursuant to Section 71(2) (formerly section 59(2)) of the *Act*, one by Northridge Petroleum Marketing, Inc., dated 12 December 1988, and one by Union Gas Limited, dated 23 January 1989. The Northridge application requests the Board to issue orders to provide access to the TransCanada pipeline system for gas to be transported to southwestern Ontario via the Great Lakes system. Union is requesting the Board to direct TransCanada, effective 1 February 1989, to receive, transport and deliver natural gas for Union on the same terms and conditions as contracts currently in effect.

Phase II commenced on 9 January in Calgary and continued in Ottawa on 30 January. The hearing is expected to conclude in early April.

Hearings Scheduled

The following hearings are scheduled to commence on the date indicated.

1. British Columbia Hydro and Power Authority - Licence Extension - EH-1-89

By application dated 10 August 1988, B.C. Hydro requested that the term of its Licence EL-162, issued in 1984, be extended beyond 30 September 1988. B.C. Hydro did not ask for any particular duration of the extension. Because of specific changed circumstances since the licence was first issued, the Board is considering the application as an application for review under subsection 21 (1) (formerly subsection 17(1)) of the *Act*.

In order to allow sufficient time for the review to be conducted, the Board had in September decided to extend the termination date of the licence by six months, to 31 March 1989, and issued Order AO-2-EL-162, subsequently approved by Governor in Council on 17 October 1988 (P.C. 1988-2398).

With respect to the conduct of the review, the Board issued Order EH-1-89, setting the application down for hearing, beginning 6 March 1989 in Vancouver.

2. Esso Resources Canada Ltd./Shell Canada Ltd./ Gulf Canada Resources Limited - Gas Export - GH-10-88

By applications dated 21 September 1988, Esso and Shell requested the Board to issue licences authorizing them to export natural gas from the Mackenzie Delta to the United States.

Esso is proposing to export 144 billion cubic metres (5.1 trillion cubic feet) and Shell, 25 billion cubic metres (0.9 trillion cubic feet) over a 20-year period beginning November 1996.

Gulf Canada Resources Limited also filed an application, dated 8 February 1989, requesting a licence to export 91 billion cubic metres (3.2 trillion cubic feet) of natural gas over a 20-year period beginning in 1996.

These are the first applications ever received by the Board for authorization to export natural gas from the northern frontier area.

By Order GH-10-88, as amended, the Board set the applications down for hearing beginning 10 April 1989 in Ottawa and continuing in Inuvik, Northwest Territories on 18 April. If necessary, the hearing will resume on 24 April in Ottawa.

Interventions were due to be filed by 24 February and letters of comment by 13 March 1989.

3. Combined Hearing on TransCanada PipeLines Limited 1990/91 Facilities and on Associated Gas Export Licences - GH-1-89

On 29 December, TransCanada PipeLines Limited filed an application for approval to expand its pipeline system in order to increase, by 1 November 1990, its capacity to serve expanding domestic and export markets.

TransCanada proposes to add 471 kilometres of pipeline and new compression in Saskatchewan, Manitoba, Ontario and Quebec at an estimated cost of \$652 million.

The Board also received a number of applications from shippers who would use the TransCanada pipeline to export natural gas. Because the review of issues such as supply, markets and contracts will be common to both, the Board decided on 5 January to consider the facilities and export applications together at a public hearing. Shippers who had not yet filed their export applications had until 15 February to do so. A list of the applications received follows.

	Shipper/Importer	Term Quantity	
		10 ⁶ m ³	Bcf
At	Emerson, Manitoba:		
	Fulton Cogeneration Associates ¹ / Fulton Cogeneration Associates	2 326	82
	Kamine South Glens Falls Cogen Co. and Beta South Glens Falls Inc./ Kamine, Beta	2 094	74
	Kamine Carthage Cogen Co., Inc. and Beta Carthage Inc./Kamine, Beta	2 094	74
At	Sprague, Manitoba:		
	ICG Utilities (Ontario) Ltd./ Export for re-import at Rainy River, Ontario	3 150	111
	Niagara Falls, Ontario:		
	Fulton Cogeneration Associates ¹ / Fulton Cogeneration Associates	2 326	82
	Shell Canada Limited Cogen Energy Technology Inc.	2 400	85
	Amoco Canada Petroleum Company Limited/ Consolidated Edison Company	4 778	170
	ProGas Limited/Texas Eastern Transmission Company	No increase in term quantity	
	Bonus Gas Processors Corp./ Empire Energy Corporation	5 634	199
At	Indeck Gas Supply Corporation/ Indeck Energy Services of Oswego Inc.	1 719	56
	Gananoque, Ontario:		
	Western Gas Marketing Limited/ Niagara Mohawk Power Corporation	7 910	279

¹ Fulton's application requested approval to export 2 326 million cubic metres of natural gas at two locations, Emerson and Niagara Falls.

At	Cornwall, Ontario:		
	Western Gas Marketing Limited/Megan-Racine Associates, Inc.	2 426	86
	Power City Partners, L.P./Power City Partners, L.P.	3 102	110
At	Napierville, Quebec:		
	FSC Resources Limited/Falcon Gas	8 453	300
At	Philipsburg, Quebec:		
	Direct Energy Marketing Limited/Consolidated Fuels Co.	936	33

On 31 January, the Board issued Order GH-1-89, establishing 12 April as the date to begin the combined hearing in Calgary. The hearing will continue in Ottawa on 25 April.

Interventions in respect of TransCanada's facilities application were due to be filed by 15 February. Interventions in respect of the licence applications are due to be filed by 20 March.

4. Amoco Canada Petroleum Company Ltd. - Gas Export - GH-3-89

Amoco applied on 12 January for a gas export licence to export 3.85 billion cubic metres (137 billion cubic feet) of natural gas over a 15-year period to Washington Natural Gas Co. of Seattle.

On 7 February, the Board issued Order GH-3-89, setting the application down for hearing beginning 30 March in Vancouver.

Interventions were due to be filed by 22 February.

Applications Filed - No Dates Set for Hearing

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either on hold at the request of the applicant, still under review by the Board's staff, or deficient in terms of information so far supplied.

Company	Date of Application	Description
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta

Company	Date of Application	Description
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System
4. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to United States (Venture Project)
5. Sulpetro Limited	14 March 1986	Amendment to Licence GL-82 to extend the term and increase authorized exports. It is expected that Esso Resources Canada Limited, which purchased Sulpetro Limited, will assume sponsorship of this application. In April 1988, the Board assigned Licence GL-82 to Esso Resources.
6. Hydro-Québec	15 February 1989	Amendment to Licence EL-96 to extend the term by 7 years from 1991 to 1998.
7. Niagara Pipeline Company Ltd.	17 January 1989	Construction of Niagara Line from Hamilton to Niagara Falls, Ontario, for export to New York State.

Non-hearing Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, and to authorize toll adjustments.

Since the 1 December 1988 edition of the Agenda, the following major matters have been considered by the Board.

Reviews

1. Interprovincial Pipe Line Company

In late 1986, the Board commenced a review of its decision to adopt recommendation 5.9 made by the Board's panel investigating a fatal accident in 1985 on Interprovincial's pipeline near Camrose, Alberta. The recommendation required pipeline companies under Board jurisdiction to re-

move all welds in certain circumstances and to check the soundness of a sample of welds in others.

On 22 July 1988, the Board informed industry that it agreed with a two-phase process of review suggested by industry. The first phase consists of a program of inspection or sampling with the intent of gathering evidence for the review. The evidence was due to be filed by the companies by 31 December 1988. The second phase will consist of a review of the recommendation in view of the new evidence; the Board has reserved its decision on whether to hold a public hearing for this purpose.

In a related matter, the Board invited industry to submit comments on the eleven other recommendations made in the inquiry panel's report. On 22 January, 14 April and 22 July 1988, and 16 February 1989, the Board made a number of decisions in respect of the recommendations and approved corresponding amendments to the Onshore Pipeline Regulations.

2. Trans Mountain Pipe Line Company Ltd.

By applications dated 19 September 1988, the Burnaby Citizens for Environmental Protection requested the Board to review and stay its July 1988 decision authorizing Trans Mountain to expand its pipeline system in Alberta and British Columbia, which included the installation of three new storage tanks at Burnaby.

On 30 September, the Board asked the Citizens to clarify certain portions of its applications and established the schedule for comments to be submitted on the applications and for reply comments from the Citizens.

On 1 December 1988, the Board denied the Citizens' application for review.

3. Canadian Petroleum Association et al

The Canadian Petroleum Association, the Independent Petroleum Association of Canada, Mobil Oil Canada, Peco Petroleums Ltd. and BP Resources Limited all filed applications requesting the Board to review Order TGI-3-88 issued to Westcoast Energy Inc. These applications are more fully discussed in item 5. under *Traffic and Toll Matters*.

Appeals

1. Cyanamid Canada Pipeline Inc.

On 6 April 1987, Cyanamid applied for a review of the Board's December 1986 decision that the Board had jurisdiction over a short pipeline to be constructed by Cyanamid from its plant at Welland to the TransCanada pipeline at Black Horse Station, Ontario. In view of a judgment in March 1987 of the Divisional Court of the Supreme Court of Ontario, which had confirmed the exclusive jurisdiction of the Ontario Energy Board over by-pass pipelines in Ontario such as Cyanamid's proposed facilities, Cyanamid also requested that the question of jurisdiction be referred to the Federal Court of Appeal to confirm federal jurisdiction over its proposed facilities. In April 1987, the Board decided to proceed with the review and to refer the issue of jurisdiction to the Federal Court of Appeal.

On 27 November 1987, the Federal Court of Appeal ruled that the Board did not have jurisdiction over the proposed Cyanamid Canada Pipeline Inc. facility. Cyanamid then filed an application with the Supreme Court of Canada for leave to appeal the Federal Court's decision. The application was heard by the Court on 25 April 1988. In a decision rendered from the bench, the Court granted leave to appeal.

Following the judgment of the Divisional Court on typical by-passes in Ontario, the Lieutenant Governor of Ontario brought a reference to the Ontario Court of Appeal on the matter of provincial jurisdiction over by-pass facilities. The reference was heard in October 1987 and the Court of Appeal rendered its decision in February 1988, affirming that by-pass pipelines similar to that proposed by Cyanamid fell within provincial jurisdiction. Cyanamid has also appealed the decision of the Court of Appeal of Ontario in the Supreme Court of Canada. It is anticipated that Cyanamid's two appeals before the Supreme Court of Canada will be heard together.

2. Northridge Petroleum Marketing, Inc. and ENRON Canada Ltd.

In late June 1987, Northridge and ENRON filed with the Federal Court of Appeal applications for leave to appeal the Board's decision contained in its letters of 26 May 1987 concerning complaints against TransCanada PipeLines Limited.

In the complaints, Northridge and ENRON raised concerns about the tolls charged by TransCanada for gas sold under competitive marketing program agreements.

On 18 August 1987, the Federal Court of Appeal granted leave to appeal. The appellants have advised that they propose to discontinue these actions. Consents to the Notice of Discontinuance are being sought.

3. Union Gas Limited

On 20 December 1988, Union filed an application with the Federal Court of Appeal for leave to appeal the Board's decision of 30 November 1988. That decision denied an application by Union to review that part of the Board's decision under GH-2-87 that authorized TransCanada PipeLines Limited to build its new Kirkwall Line. It is not known when the Leave to Appeal will be dealt with by the Court.

Energy Studies

In December 1988, the Board released two major staff studies prepared as part of the ongoing monitoring of the energy scene for which the Board is responsible in connection with its regulation of energy exports and its advisory functions. One is *Canadian Energy Supply and Demand 1987-2005*, dated September 1988, which updates an earlier study published in 1986. The study projects the Canadian supply of all major energy commodities, including electricity, oil and natural gas, and their by-products, and the demand for Canadian energy in Canada and abroad.

The second report is the *Natural Gas Market Assessment 1988*, which is the first of a series which the Board will publish from time to time. This report provides both an assessment of the functioning of the Canadian natural gas market and a review of the short-term outlook for Canadian natural gas supply and demand.

Implementation of New Electricity Export Policy

In September 1988, the Minister of Energy, Mines and Resources announced a new electricity export policy and asked the Board to implement the new policy to the maximum extent consistent with the existing *Act*. The Minister also requested the Board's advice on any immediate changes the Board be-

lieved were needed to be made to its existing regulations, rules and procedures in order to give effect to the new policy.

Under the new policy, following amendments to the *Act*, it will be possible for the Board to authorize most electricity exports and international power lines by permit, without the requirement for a public hearing or for Governor in Council approval.

Full implementation of the new policy will require amendments to the *Act* and other regulatory amendments.

The Board has, however, issued a Memorandum of Guidance dated 21 December, advising parties that certain aspects of the policy can be implemented by amendments to the Part VI Regulations, the Rules of Practice and Procedure and the Board's procedures in dealing with export applications. Noting that even these regulatory amendments may take some time to have processed, the Board has taken immediate steps to modify its information requirements and procedures in order to comply with the policy to the maximum extent possible under the current *Act*. (Refer to *Amendments to National Energy Board Act*, *Amendments to Regulations*, and *Rules of Practice and Procedure*.)

Electricity Review

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review interprovincial electricity trade. Specifically, the Minister asked the Board to review and report on possible measures that could be taken to (i) enhance interprovincial trade, (ii) encourage greater cooperation between utilities in systems planning and development, and (iii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces.

The Board is considering how to conduct the review.

Amendments to National Energy Board Act

On 12 December, the *Revised Statutes of Canada, 1985* came into force. This statute consolidation contains all federal statutes and amendments up to 31 December 1984 including the *National Energy Board Act*. There were no substantive changes to the content of the *Act*, but extensive changes were made in the numbering of the sections. (An office consolidation of the *Act* is expected to be available

shortly from the Canadian Government Publishing Centre, Department of Supply and Services, Ottawa Ontario, K1A 0S9, Telephone: (819) 997-2560).

As part of the legislation to implement the Free Trade Agreement, Part VI of the *Act* has been amended.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations provide for the safe design, construction and operation of onshore oil and gas pipelines. The regulations will be amended to reflect the outcome of Board-industry deliberations on the 12 recommendations included in the Board's report of June 1986 on an accident on Interprovincial's system in February 1985 (See item 1. under *Reviews*.)

2. Offshore Pipeline Regulations

On 24 November 1988, the Board issued for comment the second draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA preliminary standard, "CSA Z187, Offshore Pipeline Standard", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties were invited to submit comments by 28 April 1989. A final draft of the regulations will then be prepared and submitted to the Department of Justice for examination.

3. Part VI Regulations

The Part VI Regulations are being amended to reflect the new electricity export policy to the maximum extent possible under the current *Act*. (Refer to *Implementation of New Electricity Export Policy*.)

As well, other revisions are being proposed to reflect such things as the new natural gas market-based procedure and the incorporation of changes suggested by the Standing Joint Committee on Regulatory Scrutiny, including the removal of certain provisions respecting export and import re-

porting requirements, which are now to be included in the Export and Import Reporting Regulations (see below).

The proposed amendments will require examination by the Department of Justice and will need to be made by Governor in Council.

On 30 December 1988, the Governor in Council, by Order in Council P.C. 1988-2867, amended the Part VI Regulations, removing the information requirement relating to the third price criterion for electric power and energy exports. This amendment arose from the passage, on 30 December 1988, of the legislation to implement the Free Trade Agreement.

4. Export and Import Reporting Regulations

These proposed regulations would require persons exporting oil, natural gas, or power, or importing natural gas under licence or order to provide certain information to the Board.

The information is similar to that currently required by the Part VI Regulations. However, on the suggestion of the Standing Joint Committee on Regulatory Scrutiny, the Board decided to remove the reporting requirements from the Part VI Regulations, and make new regulations under subsection 129(1) (formerly subsection 88(1)) of the *Act*.

The regulations, which will require Governor in Council approval, will be processed together with the above-noted changes to the Part VI Regulations.

5. Regulations Pertaining to Crossings Involving International Power Lines

Following receipt of comments from interested parties on draft International Power Line Crossing Regulations, the Board approved a new draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. International Power Line Crossings, Construction and Abandonment Regulations

These regulations deal with crossings by international power lines as well as the company's responsibilities to maintain crossing

records, abandon crossings, and report incidents.

B. International Power Line Crossings Regulations

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

The scope of these regulations is being re-examined in view of the new electricity export policy recently announced. (See also *Implementation of New Electricity Export Policy*.)

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the Rules of Practice and Procedure and the schedules which form part of the rules. The Board has asked all parties to use them, although they must still be published in the Canada Gazette before they become binding. It is expected that publication will occur in the next few months.

The Schedules to the revised Rules will reflect the revised information requirements for certificates for international power lines described in the new electricity export policy. (Refer to *Implementation of New Electricity Export Policy*.)

Communication Between Counsel and Witnesses

Following a review of comments received from interested parties, the Board issued in January a new rule governing communication between counsel and their witnesses once the witnesses have been handed over for cross-examination.

The new rule states:

"The Board recognizes that, in order to ensure that the best information is before the tribunal, it may be necessary or desirable for counsel to communicate with their witnesses while those witnesses are under cross-examination. The Board wishes to make it clear, however, that where such communication is necessary, the Board expects that counsel will not coach their witnesses or communicate with them in an attempt to shape the evidence already given or to be given by those witnesses during their appearance or to subvert the integrity of the hearing process."

Gas Matters

1. Canadian-Montana Pipe Line Company

Canadian-Montana requested on 18 October 1988 that the Board amend its gas export Licence GL-72, to increase from 1.1 million cubic metres to 1.4 million cubic metres (40 million cubic feet to 50 million cubic feet) the daily contract levels that Canadian-Montana may export to the Montana Power Company for the remaining term of the licence, without changing either the authorized annual or term quantities.

The Board approved the application on 1 December and issued Order AO-6-GL-72 amending the licence.

The amendment was approved by the Governor in Council by Order in Council P.C. 1989-0076.

2. Pan-Alberta Gas Ltd.

Pan-Alberta requested the Board, on 26 July 1988, to amend its Licence GL-97 by extending the term by five years, to 31 October 2001. The existing daily and annual authorizations would be maintained during the extended period and no change would be made to the existing term quantity.

The Board decided to consider the application by means of written submissions and issued a letter on 13 February requesting additional information.

Pipeline Matters

1. Novacorp International Pipelines Ltd. - Construction of New International Pipeline

On 22 January 1988, Novacorp applied for approval to construct a 700-metre pipeline under the Detroit River near Windsor, Ontario. The pipeline would provide natural gas service to the manufacturing plant of National Steel Corporation in Detroit, Michigan, currently served by the local distributor, Michigan Consolidated Gas Company. The pipeline was estimated to cost about \$1 million and would extend from the Ojibway meter station of Union Gas Limited to a point on the international boundary. The application also requested the Board to direct Union Gas to connect the Novacorp pipeline to the Union Gas pipeline at the Ojibway meter station.

On 22 June 1988 the Board approved construction of the Novacorp pipeline and requested both companies to provide information on the connecting facilities. Novacorp responded on 14 July and 18 November, informing the Board that it was willing to pay for the connection to its approved meter station. Union's response, dated 3 October, included a detailed cost estimate for its own station, which may be revised as a result of further negotiations between the two companies.

The Board issued Order MO-17-88 on 30 December, directing Union to construct suitable connecting facilities and to provide the Board within 60 days a description of the facilities it proposed to build, including a cost breakdown and construction schedule.

2. Interprovincial PipeLine (NW) Ltd. - Ochre River and Hodgson Creek Pipeline Replacements

On 15 December, IPL(NW) filed an application for approval to replace two sections of its Norman Wells to Zama pipeline: 300 metres on the south flood plain of the Ochre River and 200 metres near Hodgson Creek, at an estimated cost of \$1.7 million. A violent rainstorm during the summer of 1988 had exposed some 30 metres of the pipeline at the Ochre River and had washed out a guidebank and diversion berms at Hodgson Creek.

The Board approved the application on 26 January 1989.

3. Foothills Pipe Lines (Yukon) Ltd. - Compressor Station 393

Foothills submitted an application on 22 October 1988, requesting authorization to build a new Compressor Station 393 near Val Marie, Saskatchewan. The purpose of the new station was to provide system security for the Saskatchewan portion of Foothills' Eastern Leg; it was not intended to increase firm capacity.

During the Board's review of the application, it received an opinion from the Department of Justice that construction of this project falls within the ambit of the *Northern Pipeline Act (NPA)*. As a result, Kenneth W. Vollman, Temporary Board Member, was appointed Administrator and Designated Officer of the Northern Pipeline Agency.

In compliance with the *NPA*, Foothills submitted an addendum to the system design report to the Agency. The proposed amendment to the system design seeks the same result as the application previously made to the Board, namely to install a security unit.

The addendum to the system design report was approved by the Designated Officer on 9 February 1989. Numerous other submissions are expected from Foothills in order to comply with the provisions of the *NPA* in respect of this project. They will be reviewed by the Agency in a similar manner. (Refer to *Northern Pipeline Agency*.)

4. PCB Inventory

On 25 November 1988, the Board issued a letter to pipeline companies under its jurisdiction regarding the use and storage of PCBs and other hazardous materials at all Board-regulated facilities.

The Board requested the companies to provide, by 15 January 1989, specific information including an inventory of PCBs, confirmation that PCB waste storage conforms to the Interim Order issued recently by Environment Canada, the companies' plans for the disposal of PCB wastes, and contingency plans in the event of an accidental leak or fire involving PCBs.

After completion of this inventory, a list of other hazardous materials in use or storage at Board-regulated facilities will be developed.

5. Manito Pipelines Ltd. - Transfer of Assets of Bodo-to-Cactus Lake Pipeline

In an application dated 22 December 1988, Manito requested approval, for business reasons, to transfer its share of the assets of the recently constructed Bodo-to-Cactus Lake pipeline to its shareholders, Murphy Oil Company Ltd. and Texaco Canada Inc. effective 1 December 1988. Manito would continue to carry out its responsibilities under the *Act*.

The Board approved the application on 2 February 1989, effective that date.

Traffic and Toll Matters

1. Interprovincial Pipe Line Company - Toll Design Study

On 28 June 1988, Interprovincial filed a toll design study in compliance with NEB Reasons for Decision RH-4-86 dated June 1987. This study addresses a number of toll design issues including the appropriate level of surcharges for medium and heavy crude oils.

The Board decided that it would be expeditious to include Trans Mountain Pipe Line Company Ltd. in its forthcoming review of the toll design issues raised by Interprovincial's study. On 1 September 1988 Trans Mountain was directed to comment on issues raised in the study, which it filed on 7 December. On 23 February 1989, the Board requested Interprovincial, together with Trans Mountain, to convene a meeting of interested parties to discuss and try to resolve the issues raised by Interprovincial's Toll Design Study and Trans Mountain's comments on the study.

2. TransCanada PipeLines Limited - Subsection 71 (2) Orders

Since 1985, some 85 orders under subsection 71(2) (formerly 59(2)) of the *Act* have been issued to TransCanada, requiring it to carry natural gas for certain customers and shippers that had made direct purchase arrangements for their natural gas supplies.

In April 1987, TransCanada agreed to enter into contracts with the direct shippers to transport the natural gas volumes to the shippers' customers. Some 26 contracts were negotiated and the corresponding subsection 71(2) orders were rescinded.

The Board issued a general rescinding order, in November 1987, which would rescind the subsection 71(2) orders on the date on which gas begins to flow under the firm service contracts or on a later date, then specified by the Board as 31 March 1988. At the request of a number of shippers, in March 1988, the Board extended the termination date from 31 March to 31 July 1988 and, during that period, 40 subsection 71(2) orders were rescinded as the shippers arranged their contracts with TransCanada.

On 21 July, the termination date was again extended, from 31 July to 31 October, and, on

27 October, the termination date was further extended, from 31 October to 30 November.

By 1 December, the remaining subsection 71(2) orders were rescinded as shippers entered into transportation contracts with TransCanada.

3. Interprovincial Pipe Line Company - Class 2 Toll Adjustment

On 27 October 1988, Interprovincial filed a Class 2 toll adjustment application proposing new tolls to become effective 1 January 1989.

By Order TOI-3-88 dated 14 December 1988, the Board made Interprovincial's then-existing tolls interim, commencing 1 January 1989. Following receipt of comments from interested parties, the Board issued a decision on the application on 5 January 1989. On 11 January, Interprovincial filed revised toll calculations reflecting the decision. On 13 January, the Board issued Order TO-1-89 approving the revised tolls effective 5 January and directing that shippers be billed as though the new tolls were in effect from 1 January.

4. Trans Mountain Pipe Line Company Ltd. - Class 2 Toll Adjustment

On 31 October 1988 Trans Mountain filed a Class 2 toll adjustment application seeking approval of new tolls to become effective 1 January 1989. By Order TOI-2-88 dated 14 December 1988, the Board approved the applied-for tolls on an interim basis effective 1 January 1989.

On 16 February, the Board approved a revenue requirement for the 1989 test year based on the throughput forecast provided in the Class 2 application. However, the Board instructed Trans Mountain to calculate new tolls based on the higher throughput forecast provided in the company's letter of 15 February and on the approved revenue requirement, adjusted to reflect any change in the fuel and power costs associated with the higher throughput. The company was required to file new tolls for Board approval by 24 February.

5. Westcoast Energy Inc. - Northwest Pipeline Corporation

Westcoast applied on 3 October 1988 to establish a deferral account to cover its potential financial exposure resulting from a force majeure claim

made by Northwest Pipeline Corporation on 30 September 1988.

On 20 October, the Board approved the deferral account and established a monthly monitoring system to keep the Board and interested parties informed of the latest developments and the amounts accruing in the deferral account.

On 30 November 1988, Northwest filed an application to permanently reduce the gas sales volume used by Westcoast to allocate costs to Northwest from 15.6 million cubic metres per day (550 million cubic feet per day) to zero and to examine the level of the interruptible transportation tolls.

The Board issued Order TGI-3-88 on 22 December, making Westcoast's tolls interim effective 1 January 1989 and adjusting the highest priority interruptible tolls to a 50 percent load factor level from the 75 percent load factor level approved for 1988.

A number of interested parties, including the Canadian Petroleum Association, the Independent Petroleum Association of Canada, Mobil Oil Canada, POCO Petroleum Ltd. and BP Resources Canada Limited, filed applications requesting the Board to review its Order TGI-3-88, in particular, the increase in the interruptible toll. On 9 January 1989, the Board decided to review certain portions of Order TGI-3-88, including the level of the interruptible tolls.

On 24 January, Westcoast applied to the Board for certain orders and approvals necessary to implement a proposed settlement between Northwest and Westcoast dated 23 January to settle the outstanding force majeure dispute. As part of the settlement, Northwest would pay Westcoast \$10.4 million in respect of charges payable under the Fourth Service Agreement for the months of October, November and December 1988. This amount took into account the toll relief to which Northwest was entitled in 1988.

Northwest also indicated that, in the event the Board found the settlement appropriate, its 30 November application should be considered withdrawn. Applicants in the review proceeding indicated their support for the settlement.

On 3 February, the Board issued Order TG-1-89 which authorized the implementation of the settlement and restored all tolls to the levels which existed before the interim order came into effect.

Approval of the settlement obviated the need to proceed with the review applications and Northwest's 30 November application. In a letter dated 3 February, the Board informed Westcoast that it will hold a public hearing later this year into the tolls to be charged by Westcoast for the period 1 November to 31 December 1989 and for the test years 1990 and 1991.

Northern Pipeline Agency

On 23 December, Kenneth W. Vollman, Temporary Board Member, was appointed the Administrator and Designated Officer of the Northern Pipeline Agency. He will oversee certain aspects of the procurement for, and construction of, the Alaska Highway Natural Gas Pipeline. The appointment of an Administrator was necessitated by a recent application by Foothills Pipe Lines (Yukon) Ltd. for authorization to construct and operate a new compressor station near Val Marie, Saskatchewan. (Refer to item 3 under *Pipeline Matters*.)

Cost Recovery Regulations

Pursuant to the government's cost recovery initiative introduced in the May 1985 Budget, the Board completed a feasibility study on recovering the costs of regulation from companies under its jurisdiction. The study received Treasury Board's approval in principle in November. Implementation of the cost-recovery initiative would require an amendment to the *Act*, consultation with industry, and the subsequent making of regulations. Prior to coming into force, the regulations would require examination by the Department of Justice and approval by Governor in Council.

Gazoduc TQM - Name Change

Trans Québec & Maritimes Pipeline Inc. has informed the Board that it has changed its name to *Gazoduc TQM*.

Board Organization

Effective 1 February, the names of three branches of the Board were changed. The Pipelines Engineering and Operations Branch is now the *Pipelines Engineering Branch*; The Environment and Right-of-

Way Branch is now called the *Environment Branch*; and the Financial Regulatory Branch is called the *Financial Regulation Branch*.

Standing Panels

Much of the Board's non-hearing regulatory work has in the past been assigned to its standing panels. Effective 1 February, the Board abolished the panels on a trial basis. Non-hearing matters are now being considered by the Board as a whole.

Board Staff Changes

In February, Mr. Al Hiles, Director of Energy Supply Branch, retired.

Reports and Speeches

1. *Pipeline Capacity: The Issue of the 90s*, an address by K.W. Vollman, Temporary Member, to a Crossborder Seminar, on 1 December in Calgary.
2. *Canadian Gas' Contribution to U.S. Gas Demand*, an address by A. Boyd Gilmour, Member, to the Executive Enterprises Ninth Annual Natural Gas Conference, on 26 January in Washington, D.C.
3. *Jurisdictional Aspects of Pipeline Regulation*, a paper presented by Helen Soudek, Counsel, to the Mid-Winter Meeting 1989 of the Canadian Bar Association - Alberta Branch on 27 January 1989 in Edmonton.
4. *Canadian National Energy Board - Update*, an address by R.B. Horner, Member, to the Executive Enterprises Conference on the Transportation of Natural Gas to United States Markets, on 30 January in Calgary.

5. *Canadian Natural Gas Exports, Pipeline Capacity and Deregulation*, an address by R. Priddle, Chairman, to the Gas Committee of the National Association of Regulatory Utility Commissioners, on 28 February 1989 in Washington, D.C.

Instructions for Filing

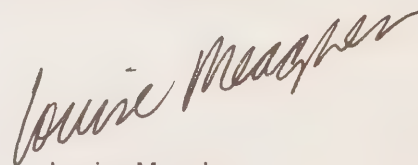
All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900).

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added thereto, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L2: Oil matters
- L3: Gas matters
- L4: Oil and gas matters
- L5: Electrical matters
- L6: Annual Reports only
- L7: Press releases only
- L8: Regulatory agendas only

National Energy Board



Louise Meagher
Secretary

For copies of documents contact:
Regulatory Support Office
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Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the licensing of oil, natural gas, and electricity exports, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by the Minister of Labour to administer Part IV of the *Canada Labour Code*.

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REGULATORY AGENDA

Issue No. 29

1 June 1989

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Preface

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7.

A profile of the National Energy Board appears on the last page of this agenda.

This document is also available in French.

Ce document est également publié en français.

Applications Considered by Hearing

Recent Hearing Reports and Decisions

Since the 1 March 1989 edition of the Agenda, the following reports have been published by the Board following public hearings:

1. TransCanada PipeLines Limited - 1988 and 1989 Tolls - RH-1-88 - Phase II

Decision on an application by Northridge Petroleum Marketing, Inc. issued 18 April.

The Board approved an application dated 12 December 1988 by Northridge, filed under subsection 71(2) of the *Act*. Northridge's application was considered during the course of Phase II of the hearing on TransCanada's tolls for 1988 and 1989. (Refer also to item 1 under *Decisions Pending*.)

In its application, Northridge requested the Board to issue orders to provide access to the TransCanada pipeline system to Emerson, Manitoba for gas to be transported to southwestern Ontario via the Great Lakes system. Northridge had made its own contractual arrangements to have the gas moved from Emerson to southwestern Ontario.

2. North Canadian Oils Limited - Access to Foothills Pipeline - MH-2-88

Decision issued 10 April, with Reasons for Decision to follow.

The Board approved an application dated 17 August 1988, as amended, by North Canadian Oils requesting the Board to issue an order under subsection 71(2) of the *Act*, requiring Foothills Pipe Lines (Yukon) Ltd. to provide firm service to it on the Foothills pipeline system in Saskatchewan. In arriving at its decision, the Board decided it was not necessary to issue an order, as requested by North Canadian Oils, under subsection 71(3), to require Foothills to construct the necessary facilities.

The Board's hearing on the application commenced in Calgary on 13 February and ended in Ottawa on 23 February.

The Reasons for Decision are expected to be issued in June. They will include decisions on other

aspects of Foothills' tariff, including procedures for allocating firm capacity.

3. British Columbia Hydro and Power Authority - Licence Extension - EH-1-89

Decision issued 30 March, with Reasons for Decision to follow.

The Board granted B.C. Hydro's application for an 18-month extension to its Licence EL-162, issued in 1984, which expired 31 March 1989.

The application was the subject of a public hearing held in Vancouver on 6 and 7 March.

The extension of the licence is subject to approval by Governor in Council. The Board expects to issue its Reasons for Decision in July of 1989.

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have been completed.

1. TransCanada PipeLines Limited - 1988 and 1989 Tolls - RH-1-88 - Phase II

The hearing on TransCanada's application for new tolls was held in two phases.

Phase I dealt with certain toll design and tariff issues. The Board issued its decision on Phase I in January.

Phase II dealt with cost of service issues and the remaining toll design and tariff matters. It began on 9 January in Calgary and ended on 11 April in Ottawa, for a total of 51 sitting days. The Board expects to issue its decision in the summer of 1989.

(Refer also to item 1 under *Recent Hearing Reports and Decisions*.)

2. Alberta and Southern Gas Co. Ltd. - Gas Export - GH-5-88

In November 1987, Alberta and Southern applied to vary Licence GL-99, which authorizes the export of natural gas to Pacific Gas Transmission in the United States. The company asked for a 16-year extension of the term of the licence from 1994 to 2010 and an increase of 169.3 billion

cubic metres (6.0 trillion cubic feet) in the total volume to be exported.

A hearing to consider the application was held in Calgary beginning on 6 December 1988 and ending on 8 December. The Reasons for Decision are expected to be issued in June.

3. Gas Export Licences In Support of the TransCanada 1989 Facilities (GH-4-88) Application - GH-8-88

The Board received a number of applications for new export licences, or amendments to existing licences, supporting the facilities requested by TransCanada in an application considered under GH-4-88.

Details of the applications follow.

- a. Canterra Energy Ltd., dated 13 September 1988
Norcen Energy Resources Ltd., dated 14 September 1988
Poco Petroleum Ltd., dated 15 September 1988
Shell Canada Ltd., dated 14 September 1988
Western Gas Marketing Limited, dated 15 September 1988

The companies are proposing to export a total of up to 22 billion cubic metres (0.77 trillion cubic feet) of natural gas to the Consumers Power Company and Midland Cogeneration Venture Limited Partnership of Michigan. The exports would take place at Emerson, Manitoba over a 16-year period between 1988 and 2005.

- b. Vector Energy Inc., dated 29 August 1988

Vector proposes exporting up to 380 million cubic metres (13.4 billion cubic feet) per year over a 20-year period between 1989 and 2009. The gas would be sold to Altresco Inc. of Denver, Colorado, for a proposed cogeneration facility in Pittsfield, Massachusetts.

The applications were heard at a public hearing held on 24 and 25 January in Calgary.

The Board's Reasons for Decision are expected to be released in July.

4. Western Gas Marketing Limited/ProGas Limited - Gas Licence Amendments - GH-9-88

The Board received applications from Western Gas Marketing, dated 16 September 1988, and ProGas, dated 28 October 1988, to export natural gas to the United States.

Western Gas Marketing requested that the term of its Licence GL-83, which authorizes natural gas exports to Boundary Gas Inc., be amended by extending the term from November 1996 to January 2003 and by increasing the exportable volume by 6.4 billion cubic metres (222.6 billion cubic feet). The exports take place at Niagara Falls, Ontario.

ProGas requested that its Licence GL-98, which authorizes exports to four American interstate companies serving the American midwest and northeast, be extended by six years, from 1994 to 2000. The amendment would permit 33.48 billion cubic metres (1.18 trillion cubic feet) to be exported during the extended term of the licence.

The applications were considered at a public hearing held in Calgary on 25 January.

The Board expects to publish its Reasons for Decision in July.

5. Esso Resources Canada Ltd./Shell Canada Ltd./Gulf Canada Resources Limited - Gas Export - GH-10-88

By applications dated 21 September 1988, Esso and Shell requested the Board to issue licences authorizing them to export natural gas from the Mackenzie Delta to the United States.

Esso is proposing to export 144 billion cubic metres (5.1 trillion cubic feet) and Shell, 25 billion cubic metres (0.9 trillion cubic feet) over a 20-year period beginning November 1996.

Gulf also filed an application, dated 8 February 1989, requesting a licence to export 91 billion cubic metres (3.2 trillion cubic feet) of natural gas to the United States over a 20-year period beginning in 1996.

These are the first applications ever received by the Board for authorization to export natural gas from the northern frontier area.

The hearing began on 10 April 1989 in Ottawa, continued in Inuvik, Northwest Territories on 18 April, and resumed on 24 April in Ottawa.

The Board expects to issue its decision in the summer of 1989.

6. Amoco Canada Petroleum Company Ltd. - Gas Export - GH-3-89

Amoco applied on 12 January 1989 for a gas export licence to export 3.85 billion cubic metres (137 billion cubic feet) of natural gas over a 15-year period beginning 1 November 1989 to Washington Natural Gas Co. of Seattle.

The application was considered at a public hearing held on 30 March in Vancouver.

The Board expects to issue its decision in June.

7. Hydro-Québec - Electric Power Export - EH-2-89

On 15 February, Hydro-Québec applied for a licence to export to the New York Power Authority 800 megawatts of firm diversity power and up to 3000 gigawatt hours of associated energy each year during the term of the licence beginning in June 1991 and ending in October 1998.

The hearing was held in Montreal from 16 to 18 May.

The Board expects to issue its decision in the summer of 1989.

Hearings in Progress

1. Combined Hearing on TransCanada PipeLines Limited 1990/91 Facilities and on Associated Gas Export Licences - GH-1-89

On 29 December 1988, TransCanada PipeLines Limited filed an application for approval to expand its pipeline system in order to increase, by 1 November 1990, its capacity to serve expanding domestic and export markets.

TransCanada proposed to add 471 kilometres of pipeline and new compression in Saskatchewan, Manitoba, Ontario and Quebec at an estimated cost of \$652 million.

In March 1989, TransCanada revised its application, requesting approval to construct, in addition, the 206-kilometre Dawn Line, a 7-kilometre loop on its St. Matieu Extension in Quebec and an 11-kilometre loop on its Emerson Extension in Manitoba. As a result, the estimated cost of the requested facilities was revised to \$868 million.

In early May, TransCanada further revised its application, withdrawing its proposal to construct the Dawn Line as a result of an agreement between TransCanada and Union Gas Limited aimed at minimizing the duplication of pipeline facilities. Under the agreement, Union will transport gas for TransCanada from Dawn to Kirkwall. TransCanada has received NEB approval to purchase Union's Kirkwall Line and, in its revised application, proposes to install 32.5 kilometres of parallel pipeline alongside it. (See also item 2 under *Applications Considered by Written Submissions*.)

As a result of the revised application, the total cost of the 1990-91 facilities is now estimated to be \$708.5 million.

The Board also received a number of applications for gas export licences from shippers who would use the expanded TransCanada pipeline to export natural gas. Because the review of issues such as supply, markets and contracts would be common to both, the Board decided to consider the facilities and export applications together at a public hearing. Shippers who had not yet filed their export applications had until 15 February to do so. Of the 14 applications filed, six were found to be incomplete and therefore not considered at the hearing. Details of the eight complete applications follow.

	Shipper/Importer	Term Quantity	
		10 ⁶ m ³	Bcf
At	Sprague, Man.:		
	ICG Utilities (Ontario) Ltd./ Export for re-import at Rainy River, Ontario	3 150	111
At	Niagara Falls Ontario:		
	Shell Canada Resources Ltd./ Cogen Energy Technology Inc.	2 755	97
	Amoco Canada Petroleum Limited/ Consolidated Edison	4 788	170

	Shipper/Importer	Term Quantity	
		10 ⁶ m ³	Bcf
	ProGas Limited/Texas Eastern Transmission Company	No increase in term quantity ¹	
	Indeck Gas Supply Corporation/ Indeck Energy Services of Oswego Inc.	1 719	56
At	Gananoque, Ontario:		
	Western Gas Marketing Limited/ Niagara Mohawk Power Corporation	7 910	279
At	Cornwall, Ontario:		
	Western Gas Marketing Limited/Megan- Racine Associates, Inc.	2 426	86
At	Philipsburg, Quebec:		
	Direct Energy Marketing Limited/ Consolidated Fuels Co.	936	33

The hearing began on 12 April in Calgary and continued in Ottawa on 25 April.

The hearing is expected to conclude in July.

Hearings Scheduled

The following hearing is scheduled to commence on the date indicated.

1. Westcoast Energy Inc. - 1989 Tolls

On 12 April, the Board issued Hearing Order RH-1-89, establishing the procedures to be followed in examining Westcoast's tolls effective 1 November 1989.

The examination will be held in two phases. Phase I will consider toll design and tariff matters, including capacity allocation and self-displacement, while Phase II will deal with cost of service and financial matters.

Phase I of the hearing will begin on 12 June in Vancouver. Interventions were due to be filed by 13 April.

Applications Considered by Written Submissions

1. Pan-Alberta Gas Ltd. - GL-97

Pan-Alberta requested the Board, on 26 July 1988, to amend its Licence GL-97 by extending the term by five years, to 31 October 2001. The

existing daily and annual authorizations would be maintained during the extended period and no change would be made to the existing term quantity.

After considering the submissions received from interested parties, the Board approved the application on 3 April. The licence amendment requires approval by the Governor in Council.

2. TransCanada PipeLines Limited - Purchase of Kirkwall Line from Union Gas Limited

TransCanada filed an application dated 12 April for approval to purchase Union's Kirkwall Line. The application was submitted in accordance with an agreement between TransCanada and Union aimed at minimizing duplication of pipeline facilities. The agreement also provides for:

- the withdrawal of the Niagara Pipeline Company Ltd. certificate application (Refer to item 6 under *Hearing Applications Filed*)
- the withdrawal by TransCanada of its application for a certificate for its Dawn Line, currently being considered in the proceedings being held under GH-1-89 (Refer to item 1 under *Hearings in Progress*.)

This purchase would also render unnecessary TransCanada's Kirkwall Line, proposed for 1989-90 and certificated by GC-73, and Union's appeal of the Board's decision not to review the issuance of that certificate. (Refer to item 2 under *Appeals*.)

After considering the submissions received from interested parties, the Board approved the application on 2 May and informed TransCanada that it will revoke Certificate GC-73 on transfer of the title of the Kirkwall Line.

3. Foothills Pipe Lines (Alta.) Ltd. - Eastern Leg Expansion - GHW-1-89

In an application dated 11 April, Foothills requested approval to install decompression/recompression capability around a gas stripping plant near Empress, Alberta.

¹ ProGas requested that the export points of two existing licences be changed from Emerson and Monchy to Niagara Falls.

The facilities would allow Foothills to continue removing natural gas liquids from the gas leaving Alberta while it is being transported at a higher operating pressure through the Alberta section of the Eastern Leg Prebuild. The higher pressure would allow Foothills to increase the capacity of this section of pipeline by approximately 25 per cent, to 38.2 million cubic metres per day (1 350 million cubic feet per day).

The expansion is estimated to cost \$34.5 million.

By Order GHW-1-89 dated 26 April, as amended, the Board decided to consider the application by means of written submissions. Submissions from interested parties were due 17 May; Foothills' reply was due 29 May.

4. New Brunswick Electric Power Commission - Condition 6(b)

By letter dated 10 March, New Brunswick Power requested clarification of condition 6(b) of its interruptible export Licences EL-140, EL-143 and EL-145. Condition 6(b) deals with the offer of energy to be exported to economically accessible Canadian markets.

The Board decided to provide interested parties an opportunity to comment on the interpretation of this condition prior to responding to New Brunswick Power. By Order EHW-1-89 dated 25 May, the Board requested interested parties to submit their comments by 19 June.

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either dormant or still under review by the Board's staff.

Company	Date of Application	Description
Dormant		
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta

Date of Company	Application	Description
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System
4. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to United States (Venture Project)
5. Sulpetro Limited	14 March 1986	Amendment to Licence GL-82 to extend the term and increase authorized exports. It is expected that Esso Resources Canada Limited, which purchased Sulpetro Limited, will assume sponsorship of this application. In April 1988, the Board assigned Licence GL-82 to Esso Resources.
Under Staff Review		
6. Niagara Pipeline Company Ltd.	17 January 1989	Construction of Niagara Line from Hamilton to Niagara Falls, Ontario, for export to New York State. It is expected that this application will be withdrawn. (Refer to item 1 under Hearings in Progress and item 2 under Applications Considered by Written Submissions.
7. B.C. Gas Inc.	8 May 1989	Application for a new licence to export gas at Huntingdon, B.C., for injection to storage facilities located at the Jackson Prairie storage facility in Washington state. The gas would be re-imported to Canada for use by B.C. Gas as a peaking service for its core market requirements.

Other Regulatory Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, and to authorize toll adjustments.

Since the 1 March 1989 edition of the Agenda, the following major matters have been considered by the Board.

Reviews

1. Interprovincial Pipe Line Company

In late 1986, the Board commenced a review of its decision to adopt recommendation 5.9 made by the Board's panel investigating a fatal accident in 1985 on Interprovincial's pipeline near Camrose, Alberta. The recommendation required pipeline companies under Board jurisdiction to remove all welds in certain circumstances and to check the soundness of a sample of welds in others.

On 22 July 1988, the Board informed industry that it agreed with a two-phase process of review suggested by industry. The first phase consisted of a program of inspection or sampling with the intent of gathering evidence for the review. The evidence was due to be filed by the companies by 31 December 1988. The second phase consists of a review of the recommendation in view of the new evidence; the Board has reserved its decision on whether to hold a public hearing for this purpose.

In a related matter, the Board invited industry to submit comments on the eleven other recommendations made in the inquiry panel's report. On 22 January, 14 April and 22 July 1988, and 16 February 1989, the Board made a number of decisions in respect of the recommendations and approved corresponding amendments to the Onshore Pipeline Regulations.

2. Citizens' Coalition for Clean Water

In an application dated 15 March, the Citizens' Coalition requested the Board to review its October 1988 decision approving an application by St. Clair Pipelines Ltd. to build a pipeline across the St. Clair River.

The Citizens' Coalition represents the Town of Wallaceburg and the Walpole Island Indian Reserve. Both are water users located downstream of the St. Clair crossing.

The application raises several environmental issues related to the the Board's approval.

On 29 March, the Board outlined the procedure to be used in considering the Citizens' Coalition application and established the dates for submissions from the Coalition and interested parties on the question of whether a review should be held as well as a date of 3 May for the Coalition's reply comments.

The Board is currently considering the submission.

3. Alberta Northeast Gas Ltd. and TransCanada PipeLines Limited

Licence GL-102, issued jointly to ANE and TransCanada, authorizes the export of natural gas at Niagara Falls and Iroquois, Ontario. By application dated 15 March, the two companies requested the Board to review its decision under section 21(2) of the *Act* to reduce the annual and daily authorizations at Niagara Falls and to increase them by an equal amount at Iroquois. The volume of gas that could be exported over the term of the licence would remain unchanged.

The application was approved by the Board on 25 May. The licence amendments require approval by the Governor in Council.

Appeals

1. Cyanamid Canada Pipeline Inc.

On 6 April 1987, Cyanamid applied for a review of the Board's December 1986 decision that the Board had jurisdiction over a short pipeline to be constructed by Cyanamid from its plant at Welland to the TransCanada pipeline at Black Horse Station, Ontario. In view of a judgment in March 1987 of the Divisional Court of the Supreme Court of Ontario, which had confirmed the exclusive jurisdiction of the Ontario Energy Board over by-pass pipelines in Ontario such as Cyanamid's proposed facilities, Cyanamid also requested that the question of jurisdiction be referred to the Federal Court of Appeal to confirm federal jurisdiction over its proposed facilities. In April 1987, the Board decided to proceed with the review and to refer the issue of jurisdiction to the Federal Court of Appeal.

On 27 November 1987, the Federal Court of Appeal ruled that the Board did not have

jurisdiction over the proposed Cyanamid Canada Pipeline Inc. facility. Cyanamid then filed an application with the Supreme Court of Canada for leave to appeal the Federal Court's decision. The application was heard by the Court on 25 April 1988. In a decision rendered from the bench, the Court granted leave to appeal.

Following the judgment of the Divisional Court on typical by-passes in Ontario, the Lieutenant Governor of Ontario brought a reference to the Ontario Court of Appeal on the matter of provincial jurisdiction over by-pass facilities. The reference was heard in October 1987 and the Court of Appeal rendered its decision in February 1988, affirming that by-pass pipelines similar to that proposed by Cyanamid fell within provincial jurisdiction. Cyanamid has also appealed the decision of the Court of Appeal of Ontario in the Supreme Court of Canada. It is anticipated that Cyanamid's two appeals before the Supreme Court of Canada will be heard together in the fall of 1989.

2. Union Gas Limited

On 20 December 1988, Union filed an application with the Federal Court of Appeal for leave to appeal the Board's decision of 30 November 1988. That decision denied an application by Union to review that part of the Board's decision under GH-2-87 that authorized TransCanada PipeLines Limited to build its proposed Kirkwall Line. Leave to Appeal was granted by the Court.

The Court has asked Union to indicate whether it wishes to proceed with the appeal or to hold the file in abeyance pending the completion of TransCanada's purchase of Union's Kirkwall Line. (Refer to item 1 under *Applications Considered by Written Submissions*.)

Gas Matters

1. Alberta and Southern Gas Co. Ltd./Pacific Gas Transmission Company

Alberta and Southern applied to the Board on 24 April for approval of an amendment to the Gas Sales Contract dated 31 January 1961, between Alberta and Southern Gas Co. Ltd. and Pacific Gas Transmission Company. The amendment required approval of a new gas export price of

US\$1.90/MMBtu for the period up to 30 June 1990.

The Board approved the application, as filed, on 28 April pursuant to subsection 35(2) of the Part VI Regulations.

Oil Matters

1. Export Orders

Under the Part VI Regulations, exports of high-sulphur crude oil to be transported by marine vessels from the West Coast of Canada must be authorized by a specific order issued by the Board. The high-sulphur designation refers to crude oil that has a sulphur content greater than 0.9 per cent by weight. This requirement was put into effect in December 1985 to monitor air quality impact from inadvertent odour emissions.

On 17 and 27 April, Shell Canada Products Limited applied to export approximately 93,275 cubic metres of high-sulphur crude oil in several barge shipments off the West Coast through the Westridge Terminal of Trans Mountain Pipe Line Company Ltd.

The Board authorized the shipments on 20 April and 4 May by Orders ROE-17-89 and ROE-18-89, respectively.

Pipeline Matters

1. Foothills Pipe Lines (Yukon) Ltd. - Compressor Station 393

Foothills submitted an application on 22 October 1988, requesting authorization to build a new Compressor Station 393 near Val Marie, Saskatchewan.

During the Board's review of the application, it received an opinion from the Department of Justice that construction of this project falls within the ambit of the *Northern Pipeline Act (NPA)*. As a result, Kenneth W. Vollman, Temporary Board Member, was appointed Administrator and Designated Officer of the Northern Pipeline Agency.

In compliance with the *NPA*, Foothills submitted an addendum to the system design report to the Agency, seeking the installation of the new compressor station in order to provide system security.

The addendum to the system design report was approved by the Designated Officer on 9 February 1989.

Numerous other submissions have been filed by Foothills in order to comply with the provisions of both the NEB Act and the NPA in respect of this project. They will be reviewed by the Agency and the Board.

2. TransCanada PipeLines Limited - Pipe Lowering

On 27 February, TransCanada applied for approval to replace 20 sections of its pipeline between Kingston, Ontario and Montreal, Quebec. The replacements were required in order to increase the depth of cover at certain locations where natural erosion and farming activities had reduced the depth of cover to less than 0.5 metres. The estimated cost of replacing the pipeline sections was \$1.6 million.

The Board approved the application on 23 March.

3. Pouce Coupé Pipe Line Ltd. - New Interprovincial Pipeline

Pouce Coupé applied to the Board on 7 March for approval to build a 26-kilometre oil pipeline from Dawson Creek in northeastern British Columbia to Pouce Coupé South in northwestern Alberta. The pipeline, expected to cost \$2.8 million and to be in service by 1 July 1989, would give local producers improved access to pipeline facilities.

The Board approved the application on 5 April.

4. Dome Petroleum Limited - Amalgamation with Hudson's Bay Oil and Gas Company Limited

Dome submitted an application dated 23 March requesting approval, pursuant to section 74 of the Act, to amalgamate with HBOG under the name Amoco Canada Resources Ltd. Under the terms of the amalgamation, Dome's assets would remain under federal jurisdiction and those of HBOG would remain under provincial authority.

The Board approved the application on 13 April. On 26 May Dome informed the Board that the amalgamation became effective on 1 May.

5. TransCanada PipeLines Limited - 1989 Winter Construction

In a letter dated 13 April, the Board informed TransCanada that it was aware that the company has been experiencing a large number of weld failures during hydrostatic testing of a pipeline loop being constructed in northern Ontario. The letter requested the company to report on the nature and causes of all welds that fail hydrostatic testing and to provide evidence that no deleterious defects remain in the pipeline following hydrostatic testing and final tie-in.

6. Trans Mountain Pipe Line Company Ltd. - Burnaby Tank Dyke Reconstruction

Trans Mountain filed an application dated 6 April requesting the Board to approve a \$5.9 million reconstruction of the ten existing tank dykes at its Burnaby tank farm. The reconstruction is required in order to increase the containment volume and the ability to withstand foreseeable worst-case local seismic activity. The reconstruction would take place during the summer months of 1989 and 1990.

The application was approved by the Board on 19 May.

7. Canadian Hunter Exploration Ltd. - New Interprovincial Pipeline

On 14 April, Canadian Hunter submitted an application for approval to build a 2.3-kilometre natural gas pipeline crossing the British Columbia/Alberta border in the Deep Basin area. The pipeline, estimated to cost \$470,000, would be built between June and August 1989.

The application is currently under review.

8. Westspur Pipe Line Company (1985) Inc./Dome Petroleum Limited - Purchase/Sale of Assets of Westspur

By application dated 2 February, Westspur applied under section 74 of the Act to sell a 1.7-kilometre section of its oil pipeline in Saskatchewan to Dome. On 13 April, Dome filed a related application to purchase the facilities from Westspur.

The applications are currently under review.

9. Westcoast Energy Inc. - Aitken Creek Loop

Westcoast applied on 28 April to build a 31-kilometre pipeline parallel to the existing Aitken Creek pipeline in northeastern British Columbia. The new section of pipeline would increase the capacity of the Aitken Creek pipeline and would enable Westcoast to transport Laprise off-load volumes and natural gas from Unocal's Aitken Creek storage facilities to its Fort Nelson mainline.

The pipeline is expected to cost \$8.1 million and to be in service by 1 November 1989.

The application is currently under review.

Traffic and Toll Matters

1. Interprovincial Pipe Line Company - Toll Design Study

On 18 June 1988, Interprovincial filed a toll design study in compliance with NEB Reasons for Decision RH-4-86 dated June 1987. This study addresses a number of toll design issues, including the appropriate level of surcharges for medium and heavy crude oils.

The Board decided that it would be expedient to include Trans Mountain Pipe Line Company Ltd. in its forthcoming review of the toll design issues raised by Interprovincial's study. On 1 September 1988 Trans Mountain was directed to comment on issues raised in the study. Its comments were filed on 7 December. On 23 February 1989, the Board requested Interprovincial, together with Trans Mountain, to convene a meeting of interested parties to discuss and try to resolve the issues raised by Interprovincial's Toll Design Study and Trans Mountain's comments on the study.

Late in April, the companies declined the Board's invitation to convene such a meeting, citing significant differences between the two pipeline systems which, in their view, negated the likelihood of developing a common solution to toll design issues.

The Board will shortly announce a procedure to deal with this matter.

2. Foothills Pipe Lines (Yukon) Ltd. - Interruptible Tolls in Saskatchewan

Foothills filed an application on 1 February to revise the tolls for interruptible service in Zone 9 (Saskatchewan) effective 1 April 1989.

On 30 March, the Board approved the applied-for tolls of \$2.557/10³m³/100 km and \$2.301/10³m³/100 km for Tier 1 and Tier 2 service respectively.

3. Trans-Northern Pipelines Inc.

On 13 March Trans-Northern filed a Class 2 toll adjustment application requesting a 5.6 percent increase in its tolls. Trans-Northern also requested that its current tolls be made interim effective 1 March 1989 pending completion of the Board's review of its application.

The Board approved interim tolls on 23 March to be effective 1 April 1989 and is continuing its review of the toll application.

4. Union Gas Limited

Union Gas submitted an application dated 23 January under section 71(2) of the Act requesting the Board to direct TransCanada PipeLines Limited, effective 1 February, to receive, transport and deliver natural gas for Union on the same terms and conditions as contracts currently in effect. The application was to be heard by the Panel designated to hear TransCanada's application for tolls for 1988 and 1989, at the close of that hearing.

On 3 April, during the course of the TransCanada tolls hearing being held pursuant to Order RH-1-88, Union Gas requested the Board to hold its application in abeyance for a period not exceeding 60 days to allow Union and TransCanada sufficient time to reach a settlement. The 60-day period expires on 3 June.

5. Interprovincial Pipe Line Company - Class 2 Toll Adjustment

On 16 May, Interprovincial filed a Class 2 toll adjustment application, proposing revised tolls for 1989, to become effective 16 July.

The application is currently under review by the Board.

Natural Gas Market Assessment

In its decision of July 1987, *Review of Natural Gas Surplus Determination Procedures*, the Board indicated it would publish from time to time, an assessment of the short-term functioning of the Canadian natural gas market.

The first of these reports, dated October 1988, was published in December 1988. The second, which will contain a review of the Canadian natural gas market and an assessment of the short-term outlook to 1991, is expected to be published in December 1989.

Implementation of New Electricity Export Policy

In September 1988, the Minister of Energy, Mines and Resources announced a new electricity export policy and asked the Board to implement the new policy to the maximum extent consistent with the existing *Act*. The Minister also requested the Board's advice on any immediate changes the Board believed were needed to be made to its existing regulations, rules and procedures in order to give effect to the new policy.

Under the new policy, following amendments to the *Act*, it will be possible for the Board to authorize most electricity exports and international power lines by permit, without the requirement for a public hearing or for Governor in Council approval.

Full implementation of the new policy will require amendments to the *Act* and other regulatory amendments.

The Board has, however, issued a Memorandum of Guidance dated 21 December, advising parties that certain aspects of the policy can be implemented by amendments to the Part VI Regulations, the Rules of Practice and Procedure and the Board's procedures in dealing with export applications. Noting that even these regulatory amendments may take some time to have processed, the Board has taken immediate steps to modify its information requirements and procedures in order to comply with the policy to the maximum extent possible under the current *Act*. (Refer to *Amendments to National Energy Board Act*, *Amendments to Regulations*, and *Rules of Practice and Procedure*.)

Electricity Review

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review interprovincial electricity trade. Specifically, the Minister asked the Board to review and report on possible measures that could be taken to

- (i) enhance interprovincial trade,
- (ii) encourage greater cooperation between utilities in systems planning and development, and
- (iii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces.

In March, the Board advised the Minister of the approach it was proposing to take in conducting the review. In May, the Minister agreed with the suggested approach, and the Board will now be proceeding to conduct its review.

The Board intends first, with participation by utilities, provincial governments and other interested parties, broadly to assess the potential benefits of increased interprovincial trade resulting from joint planning of electricity generation and transmission facilities, as well as from greater access to the electricity transmission capacity for wheeling purposes.

Following the assessment of potential benefits, the Board will determine whether it should examine measures which the federal government could or should take to encourage better interprovincial cooperation.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations provide for the safe design, construction and operation of on-shore oil and gas pipelines. The regulations will be amended to reflect the outcome of Board-industry deliberations on the 12 recommendations included in the Board's report of June 1986 on an accident on Interprovincial's system in February 1985 (See item 1. under *Reviews*.)

2. Offshore Pipeline Regulations

On 24 November 1988, the Board issued for comment the second draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA standard, "CAN/CSA-Z187-M87, Offshore Pipelines", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties had until the end of April to submit comments. A final draft of the regulations will be prepared and submitted in the near future to the Department of Justice for examination.

3. Part VI Regulations

The Part VI Regulations are being amended to reflect the new electricity export policy to the maximum extent possible under the current *Act*. (Refer to *Implementation of New Electricity Export Policy*.)

As well, other revisions are being proposed to reflect the natural gas market-based procedure and the changes suggested by the Standing Joint Committee on Regulatory Scrutiny. The latter include the removal of certain provisions respecting export and import reporting requirements, which are now to be included in the Export and Import Reporting Regulations (see below).

The proposed amendments will require examination by the Department of Justice and will need Governor in Council approval.

4. Export and Import Reporting Regulations

These proposed regulations would require companies exporting oil, natural gas, or power, or importing natural gas to provide certain information to the Board. The information is similar to that currently required by the Part VI Regulations.

The Board decided to remove the reporting requirements from the Part VI Regulations and make these new regulations under subsection 129(1) of the *Act*, on the suggestion of the Standing Joint Committee on Regulatory Scrutiny.

The regulations, which will require Governor in Council approval, will be processed together with

the above-noted changes to the Part VI Regulations.

5. Regulations Pertaining to Crossings Involving International Power Lines

Following receipt of comments from interested parties on draft International Power Line Crossing Regulations, the Board approved a new draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. International Power Line Crossings, Construction and Abandonment Regulations

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. International Power Line Crossings Regulations

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

The scope of these regulations is being re-examined in view of the new electricity export policy recently announced. (See also *Implementation of New Electricity Export Policy*.)

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the Rules of Practice and Procedure and the schedules which form part of the rules. The Board has asked all parties to use them, although they must still be published in the Canada Gazette before they become binding. It is expected that publication will occur in the next few months.

The revised Rules will reflect the changes in numeration to the *Act* which came into effect in December 1988.

The Schedules to the revised Rules will reflect the revised information requirements for certificates for international power lines described in the new

electricity export policy. (Refer to *Implementation of New Electricity Export Policy*.)

Administrative Matters

Cost Recovery Regulations

In response to the government's cost recovery initiatives introduced in 1985 and re-emphasized in the 27 April 1989 Budget, the Board has received Treasury Board approval in principle to proceed with full cost recovery, subject to the passage of amendments to the *Act*, consultation with industry, and the subsequent making of regulations. Draft regulations outlining the Board's proposed charging mechanism are expected to be forwarded to industry for comment in early June.

Trans Québec & Maritimes Pipeline Inc. - Business Name

Trans Québec & Maritimes Pipeline Inc. has informed the Board that it will use the business name *Gazoduc TQM* in its communications. The corporate name remains Trans Québec & Maritimes Pipeline Inc.

Board Member Changes

Mme. Livia Marie Thur, Associate Vice-Chairman, resigned from the Board on 1 April. Mme. Thur was appointed to the Board in March 1977 as an Associate Vice-Chairman, a position she held until her resignation.

Board Staff Changes

Mr. David R. Collyer has been appointed Director, Energy Supply Branch, on a two-year assignment under the Executive Exchange Program. Mr. Collyer has been with Shell Canada for over ten years and has worked in a variety of staff and line positions, the last one being Division Petroleum Engineer in the Oil Development Division.

1 March 1989 Survey

The Board would like to thank all those who responded to its recent survey on the Regulatory Agenda. The results indicate that our readers are satisfied with the quality and content, the degree of detail and the frequency of issuance. As a result, we do not foresee any major changes in the format or timing. We will, however, continue to refine the agenda as this becomes necessary.

1988 Annual Report

The Board's 1988 Annual Report was tabled in Parliament on 21 April 1989. The report summarizes the Board's functions, responsibilities and activities during the 1988 calendar year.

For a copy of the report, contact the Board's offices in Ottawa, 473 Albert Street, Ottawa (613) 998-7204; or Calgary, 4500 - 16th Avenue N.W., Calgary (403) 292-6700.

Reports and Speeches

1. *Canadian Natural Gas Exports, Pipeline Capacity and Regulation*, notes for a presentation by P. Miles, Director General, Energy Regulation, to the Pacific Gas Transmission Company First Annual Northwest Customer Meeting, on 16 March 1989 in Palm Springs, California.
2. *How Ontario's Energy Choices Have Been Affected by the National Energy Board*, an address by J.-G. Fredette, Vice-Chairman, to the Ontario's Energy Choices Conference on 3 April 1989 in Toronto.
3. *The National Energy Board - Process and Current Issues*, notes for a presentation by R. Priddle, Chairman, to the Annual Meeting of the Federal Energy Bar Association, on 4 May 1989 in Washington, D.C.
4. *Regulation in Transition*, an address by J. Klenavic, Director General, Pipeline Regulation, at the Third Annual Pipeline Conference of the Pipeline Division of the Canadian Petroleum Association, on 17 May 1989 in Calgary.
5. *An Inside Look at the NEB*, a luncheon address by R. Priddle, Chairman, at the Third Annual Pipeline Conference of the Pipeline Division of the Canadian Petroleum Association, on 18 May 1989 in Calgary.
6. *A Review of the National Energy Board's Safety Mandate - Pipeline Accident Investigations*, a presentation by R. Priddle, Chairman, to the House of Commons Standing Committee on Transportation on 23 May 1989.

Alphonse Cossette-Trudel

Mr. Cossette-Trudel, former Board Member, passed away on 28 March 1989. Mr. Cossette-Trudel was

appointed a Board Member in 1970 and retired in 1977.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900).

Appendix I at the end of the agenda lists the number of copies required for the different types of applications.

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers, is attached in Appendix II.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added thereto, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L4: Oil and Gas matters
- L5: Electrical matters
- L6: Annual Reports only
- L7: Press Releases only
- L8: Regulatory Agendas only

Lists 2 and 3, which covered oil and gas matters separately, have been amalgamated into List 4.

National Energy Board



Louise Meagher
Secretary

For copies of
documents contact:

Regulatory Support Office
(613) 998-7204

For information
contact:

Ulana Perovic
Information Services
(613) 990-3166

Appendix I

INSTRUCTIONS FOR FILINGS WITH THE NATIONAL ENERGY BOARD

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies
(a) Hearing Matters	
(i) Certificates	
- Pipeline	35
- Power line	30
(ii) Export licences	
- Natural gas	35
- Electricity	30
(iii) Tolls	35
(iv) Land Acquisitions	10
(b) Non-Hearing Matters	
(i) Natural Gas	
Export Orders	20
Orders for Transmission Access	20
Licence Amendments	20
Amends to Export Contracts	20
Licence Revocations	20
(ii) Electricity Exports	
Orders	15
Licence Amendments	15
Licence Revocations	15
(iii) Oil Exports	
Registered Oil Export Orders	10
(iv) Tolls	
Class I and II Adjustments	20
Interim Orders	20
Operating and Maintenance Budgets	20
Changes in Depreciation Rates	20
Quarterly Surveillance Reports	20
New or Changed Tariffs	20
Domestic Gas Sales Contracts and Amendments	20
Amendments to Tariff Orders	20
(v) Pipelines and Power Lines	
Exemption Orders Power Lines	15
Exemption Orders Pipelines (Sec. 58)	20
Certificate Amendments	20
Certificate Revocations	20
Leaves to Sell or Transfer	20
Incident Reports	20
(vi) Other	
Applications for Review	20

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5. (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900)

Appendix II

NATIONAL ENERGY BOARD Selected List of Telephone Numbers

BOARD MEMBERS

Chairman	R. Priddle	990-3454
Vice-Chairman	J.-G. Fredette	990-3462
Assoc. Vice-Chairman	A.D. Hunt	990-3466
Member	J.R. Jenkins	990-3460
Member	R.B. Horner, Q.C.	990-3459
Member	W.G. Stewart	990-3470
Member	A.B. Gilmour	990-3312
Temporary Member	D.B. Smith	(403)292-6694
Temporary Member	K.W. Vollman	990-3465

EXECUTIVE DIRECTOR

Executive Director	R. Glass	998-7190
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Finance and Administration Branch

Director	W.R. Ganim	990-6523
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Personnel Branch

Director	J. Thompson	993-4823
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Planning and Review Branch

Director	C. Scott	990-6845
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Information Technology Branch

Director	D. Emmens	998-7974
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OFFICE OF THE SECRETARY

Secretary	L. Meagher	990-3167
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A/Asst. Secretary Regulatory	B. Jolicoeur	990-3447
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A/Asst. Secretary Communications	A. Sicotte	998-7193
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A/Chief, Information Services	U. Perovic	990-3166
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Manager, Library	N. Park	990-6221
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Board Distribution Centre (Room 1064)		998-7204
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General Information		998-7204
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ENERGY REGULATION DIRECTORATE

Director General, Energy Regulation	P.L. Miles	998-7929
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Economics Branch

Director	M. Segal	998-9378
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Manager, & Asst. Director, Economic Analysis Group	R. Jackson, Jr.	998-7213
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Manager, Forecasting and Energy Market Analysis	E. Ruddick	998-7936
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Electric Power Branch

Director	A.N. Karas	990-0329
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Special Project Advisor and Chief, Power Generation Planning	C. Marriott	990-0335
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Chief, Regulatory	G. Izsak	990-0334
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Energy Supply Branch

Director	D.R. Collyer	998-7952
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Chief & Asst. Director, Crude Oil Supply	G.C. Hos	998-7921
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Chief, Special Projects	B. Bowers	998-7922
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Chief, Natural Gas Supply	P.R. Bourgeois	998-7925
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Chief, Geology and Reserves	C.H. Gemeroy	(403)292-5400
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Gas and Oil Branch

Director	R.M. White	990-6235
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Gas:

Chief, Gas Policy Applications	D.M. Dubuc	993-6433
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Chief, Gas Transportation	H.H. Pols	993-7656
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Chief, Gas Regulatory Surveillance	R. Choy	993-7653
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Oil:

Chief & Asst. Director, Petroleum Products	B.A. Wells	990-6238
A/Chief, Crude Oil	J.A. Datto	990-6244
Chief, International Oil Analysis	C.P. Brown	990-6242
Chief, Operating Data and Oil Forecasting	N.X. Monteiro	990-6241

PIPELINE REGULATION DIRECTORATE

Director General, Pipeline Regulation	J.S. Klenavic	990-3314
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Environment Branch

Director	P.A. Carr	998-7179
Asst. Director, Environment	J.A. Hodges	998-7181
Chief, Pipeline Crossings	R.C. Seaman	998-7153

Financial Regulation Branch

Director	H. Pau	990-3188
Asst. Director, Operations	G.S. Johnson	990-3191
Chief, (TransCanada, TQM)	C.M. Sharp	990-3203
Chief, (Westcoast, Trans Mountain)	J.J. Dolan	990-3204
Chief, (Interprovincial, IPL (NW), Foothills)	G. O'Brien	990-3205
Chief, (Trans-Northern, Alberta Natural Gas, Cochin, Group 2 Pipelines)	J.C. Bruce	990-3213
Advisor, Toll Design, Capital and Labour Costs	J.R. Klotz	990-3158

Advisor, Accounting, Auditing and Taxation	Aideen Brown	990-3206
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Advisor, Financial Regulation	P.A. Martinson	990-3209
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Pipelines Engineering Branch

Director	E.L.M. Gordon	998-7160
Asst. Director	G. Caron	998-7131

Chief, Assessment (Alberta Natural Gas, TQM, TransCanada, Trans Mountain, Trans-Northern)	F. Jeglic	998-7133
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Chief, Assessment (Interprovincial, Westcoast, Foothills)	S. Richardson	998-7134
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Chief, Operations (Trans Mountain, Trans-Northern, TransCanada, Westcoast)	L.H. Gales	998-7118
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Chief, Operations (Cochin, Interprovincial, IPL (NW), Alberta Natural Gas, Foothills)	Z. Lewycky	998-7117
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Technical Advisor	J. Abes	998-7115
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Chief, Field Inspection	D. Watson	998-7125
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LAW BRANCH

General Counsel	S.K. Fraser	990-6224
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Assistant General Counsel	J. Morel	990-6223
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Counsel	D. Bursey	990-6227
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Counsel	M. Fowke	990-6228
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Counsel	R. Graw	990-6232
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Counsel	H. Soudek	990-6226
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Counsel	A. Vockeroth	990-3488
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Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the licensing of oil, natural gas, and electricity exports, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by the Minister of Labour to administer Part IV of the *Canada Labour Code*.

Head Office:

National Energy Board
473 Albert Street
Ottawa, Ontario
K1A 0E5

(613) 998-7204

Calgary Office:

National Energy Board
4500 - 16th Avenue N.W.
Calgary, Alberta
T3B 0M6

(403) 292-6700

Regulatory Agenda

Issue No. 30

1 September 1989

Applications Considered by Hearing

Recent Hearing Reports and Decisions

Since the 1 June 1989 edition of the Agenda, the following reports have been published by the Board following public hearings:

1. *North Canadian Oils Limited - Access to Foothills Pipeline - MH-2-88*

Decision issued 10 April; Reasons for Decision dated May 1989, issued 4 July.

The Board approved an application dated 17 August 1988, as amended, by North Canadian Oils requesting the Board to issue an order under subsection 71(2) of the *Act*, requiring Foothills Pipe Lines (Yukon) Ltd. to provide firm service to it on the Foothills pipeline system in Saskatchewan. In arriving at its decision, the Board decided it was not necessary to issue an order, as requested by North Canadian Oils, under subsection 71(3), to require Foothills to construct the necessary facilities.

The Reasons for Decision, issued in July, included decisions on other aspects of Foothills' tariff, including pipeline access criteria and procedures for allocating firm capacity.

The Board's hearing on the application commenced in Calgary on 13 February and ended in Ottawa on 23 February.

2. *TransCanada PipeLines Limited - 1988 and 1989 Tolls - RH-1-88 - Phase II*

Reasons for Decision dated June 1989, issued 2 August.

The Board established new tolls that TransCanada may charge for the transportation of natural gas to eastern Canada at a level 32 percent lower than the tolls in effect since 1987 and 11 percent lower than the tolls requested by TransCanada.

The hearing on TransCanada's application for new tolls was held in two phases.

Phase I dealt with certain toll design and tariff issues. The Board issued its decision on Phase I in January 1989.

Phase II dealt with cost of service issues and the remaining toll design and tariff matters. It began on 9 January in Calgary and ended on 11 April in Ottawa.

3. *British Columbia Hydro and Power Authority - Licence Extension - EH-1-89*

Decision issued 30 March; Reasons for Decision dated June 1989, issued 13 June.

The Board granted B.C. Hydro's application for an 18-month extension to its Licence EL-162, issued in 1984, which was to expire on 31 March 1989.

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National Energy Board



Canada

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7.

A profile of the National Energy Board appears on the last page of this agenda.

The application was the subject of a public hearing held in Vancouver on 6 and 7 March.

The extension of the licence was approved by Governor in Council on 24 July (P.C. 1989-1444).

4. *Alberta and Southern Gas Co. Ltd. - Gas Export - GH-5-88*

Reasons for Decision dated May 1989, issued 8 June.

The Board authorized Alberta and Southern to export 116.4 billion cubic metres (4.1 trillion cubic feet) of natural gas to Pacific Gas Transmission of California over an 11-year period, beginning in October 1994.

Alberta and Southern had applied to vary an existing licence by extending the term by 16 years and increasing the total volume to be exported by 169.3 billion cubic metres (6.0 trillion cubic feet).

A hearing to consider the application was held in Calgary in December 1988.

Issuance of the new licence was approved by Governor in Council on 24 July (P.C. 1989-1447).

5. *Gas Export Licences In Support of the TransCanada 1989 Facilities (GH-4-88) Application - GH-8-88*

Decision issued 28 June; Reasons for Decision dated June 1989, issued 5 July.

The Board authorized five companies, Canterra Energy Ltd., Norcen Energy Resources Ltd., Poco Petroleums Ltd., Shell Canada Ltd., and Western Gas Marketing Limited, to export a total of up to 22 billion cubic metres (0.77 trillion cubic feet) of natural gas to the Consumers Power Company and Midland Cogeneration Venture Limited Partnership of Michigan. The exports would take place at Emerson, Manitoba over a 16-year period between 1988 and 2005.

The licences support the facilities requested by TransCanada in an application considered under GH-4-88.

The Board's decision generally reflects the quantities and licence periods applied for with the exception of Poco's licence for exports to Midland. The Board authorized Poco to export 2715 million cubic metres (96 billion cubic feet) over an 11-year period, rather than the requested 3 750 million cubic metres (132.5 billion cubic feet) over 15 years.

In the same decision, the Board denied a related application by Vector Energy Inc. to export up to 380 million cubic metres (13.4 billion cubic feet) per year over a 20-year period between 1989 and 2009. The gas was to be sold to Altresco Inc. of Denver, Colorado, for a proposed cogeneration facility in Pittsfield, Massachusetts. Vector has since filed an application requesting the Board to review its decision. (Refer to item 4 under *Reviews*.)

The applications were heard at a public hearing held in January in Calgary.

The new licences and the amendment to the existing licence were approved by Governor in Council on 24 August (P.C. 1989-1600, -1601, -1602, -1603, and -1604).

6. *Western Gas Marketing Limited/ ProGas Limited - Gas Licence Amendments - GH-9-88*

Reasons for Decision dated June 1989, issued 13 July.

The Board approved amendments to the licences held by ProGas and Western Gas Marketing, permitting additional volumes of natural gas to be exported over a longer term.

The licence held by Western Gas Marketing, GL-83, which authorizes exports to Boundary Gas Inc., was amended by extending the term from October 1996 to January 2003 and by increasing the exportable volume by

6.3 billion cubic metres (222.6 billion cubic feet).

ProGas' Licence GL-98, which authorizes exports to four American interstate pipeline companies serving the American midwest and northeast, was extended by six years, from October 1994 to October 2000. The amendment permits 42.2 billion cubic metres (1.5 trillion cubic feet) to be exported during the extended term of the licence.

The applications were considered at a public hearing held in Calgary on 25 January.

The licence amendments require approval by the Governor in Council.

7. *Amoco Canada Petroleum Company Ltd. - Gas Export - GH-3-89*

Reasons for Decision dated May 1989, issued 15 June.

The Board authorized Amoco to export 3.85 billion cubic metres (137 billion cubic feet) of natural gas to Washington Natural Gas Co. of Seattle over a 15-year period beginning 1 November 1989 or upon approval of the licence by Governor in Council.

The application was considered at a public hearing held on 30 March in Vancouver.

The licence was approved by Governor in Council on 24 July (P.C. 1989-1446).

8. *B.C. Gas Inc. - Natural Gas Export/ Import - GH-4-89*

Reasons for Decision dated July 1989, issued 28 July.

The Board approved an application by B.C. Gas for a licence to export 184 million cubic metres (6.5 billion cubic feet) of natural gas over three years beginning on the date of approval of the licence by Governor in Council.

The gas will be exported at Huntingdon, British Columbia, for injection into storage facilities located at the Jackson Prairie storage facility in Washington state. The gas will be "re-imported" into Canada through exchange arrangements with gas exporters during the winter period for use by B.C. Gas to meet its peaking requirements. As a result, there will be no net export or physical re-import of gas. The Board decided that the import authorization, which B.C. Gas had requested, was not necessary because there will be no physical reimport of the gas exported.

The application was the subject of a public hearing held in July in Vancouver.

Issuance of the licence must be approved by Governor in Council.

9. *Westcoast Energy Inc. - 1989 Tolls - RH-1-89 - Phase I*

The Board issued decisions on two matters that were considered during the hearing on Westcoast's tolls.

In the first decision, issued on 5 July, the Board ruled on the method of allocating the capacity which will become available on the Westcoast pipeline as a result of the expiry of long-standing gas sales contracts with domestic and export customers. The Board also rendered decisions on queuing procedures, including the granting of renewal rights, and self-displacement. The decision was rendered during the course of Phase I of the hearing on Westcoast's 1989 tolls.

In the second decision, issued on 4 August, the Board denied a proposal by Westcoast to provide service at a promotional toll to the Vancouver Island Pipeline Project. (Refer also to item 4 under *Hearing Decisions Pending*.)

10. *TransCanada PipeLines Limited - 1990/91 Facilities - GH-1-89*

Decision dated August 1989, issued 24 August; Reasons for Decision to follow.

The Board authorized most of the requested expansion of the TransCanada system, comprising 407 kilometres of pipeline, four meter stations and five compressor units.

The expansion will allow TransCanada to increase natural gas deliveries to its domestic market in eastern Canada and to the export market in the United States, beginning 1 November 1990.

The 407 kilometres includes a 36-kilometre Napierville Extension in Quebec and 371 kilometres of parallel pipeline across TransCanada's system, mostly in Saskatchewan and Manitoba.

The Board denied the relocation of a compressor unit on the Kirkwall Line and 35 kilometres of parallel pipeline proposed for TransCanada's Western Section to provide loss-of-unit protection.

The Board did not render a decision on the proposed Gananoque Extension in eastern Ontario. The Board previously informed parties that it will reopen the hearing to obtain further evidence on routing and environmental matters related to the Gananoque Extension, if the related application for the export of natural gas by Western Gas Marketing Limited is approved.

TransCanada's proposal was heard together with eight applications for natural gas export licences. (Refer to item 3 under *Hearing Decisions Pending*.)

Hearing Decisions Pending

Decisions are pending on the following matters for which public hearings have been completed.

1. *Hydro-Québec - Electric Power Export - EH-2-89*

Hydro-Québec submitted an application dated 15 February to export to the New York Power Authority 800 megawatts of firm diversity power and up to 3000 gigawatt hours of associated energy each year during the period beginning in June 1991 and ending in October 1998.

The hearing was held in Montreal from 16 to 18 May.

The Board expects to issue its decision in September.

2. *Esso Resources Canada Ltd./Shell Canada Ltd./Gulf Canada Resources Limited - Gas Export - GH-10-88*

By applications dated 21 September 1988, Esso and Shell requested the Board to issue licences authorizing them to export natural gas from the Mackenzie Delta to the United States.

Esso is proposing to export 144 billion cubic metres (5.1 trillion cubic feet) and Shell, 25 billion cubic metres (0.9 trillion cubic feet) over a 20-year period beginning November 1996.

Gulf also filed an application, dated 8 February 1989, requesting a licence to export 91 billion cubic metres (3.2 trillion cubic feet) of natural gas to the United States over a 20-year period beginning in 1996.

These are the first applications ever received by the Board for authorization to export natural gas from the northern frontier area.

The hearing began on 10 April 1989 in Ottawa, continued in Inuvik, Northwest Territories on 18 April, resumed on 24 April in Ottawa and ended on 27 April.

The Board expects to issue its decision in the fall of 1989.

3. *Combined Hearing on TransCanada PipeLines Limited 1990/91 Facilities and on Associated Gas Export Licences - GH-1-89*

On 29 December 1988, TransCanada PipeLines Limited filed an application for approval to expand its pipeline system in order to increase, by 1 November 1990, its capacity to serve expanding domestic and export markets.

TransCanada proposed to add 471 kilometres of pipeline and new compression in Saskatchewan, Manitoba, Ontario and Quebec at an estimated cost of \$652 million.

In March 1989, TransCanada revised its application, requesting approval to construct, in addition, the 206-kilometre Dawn Line, a 7-kilometre loop on its St. Mathieu Extension in Quebec and an 11-kilometre loop on its Emerson Extension in Manitoba. As a result, the estimated cost of the requested facilities was revised to \$868 million.

In early May, TransCanada further revised its application, withdrawing its proposal to construct the Dawn Line as a result of an agreement between TransCanada and Union Gas Limited aimed at minimizing the duplication of pipeline facilities. Under the agreement, Union will transport gas for TransCanada from Dawn to Kirkwall. TransCanada received in early May the Board's approval to purchase Union's Kirkwall Line and, in its revised application, proposed to install 32.5 kilometres of parallel pipeline alongside it.

As a result of the revised application, the total cost of the 1990-91 facilities was estimated to be \$708.5 million.

The Board also received a number of applications for gas export licences from shippers who would use the expanded TransCanada pipeline to export natural gas. Because the review

of issues such as supply, markets and contracts would be common to both, the Board decided to consider the facilities and export applications together at a public hearing. Shippers who had not yet filed their export

applications had until 15 February to do so. Of the 14 applications filed, six were found to be incomplete and therefore not considered at the hearing. Details of the eight complete applications follow.

Shipper/Importer	10 ⁶ m ³	Term Quantity	Bcf
At Sprague, Man.: ICG Utilities (Ontario) Ltd./ Export for re-import at Rainy River, Ontario	3 150		111
At Niagara Falls Ontario: Shell Canada Resources Ltd./ Cogen Energy Technology Inc.	2 755		97
Amoco Canada Petroleum Limited/ Consolidated Edison	4 788		170
ProGas Limited/Texas Eastern Transmission Company	No increase in term quantity ¹		
Indeck Gas Supply Corporation/ Indeck Energy Services of Oswego Inc.	1 719		56
At Gananoque, Ontario: Western Gas Marketing Limited/ Niagara Mohawk Power Corporation	7 910		279
At Cornwall, Ontario: Western Gas Marketing Limited/Megan- Racine Associates, Inc.	2 426		86
At Philipsburg, Quebec: Direct Energy Marketing Limited/ Consolidated Fuels Co.	936		33

1 ProGas requested that the export points of two existing licences be changed from Emerson and Monchy to Niagara Falls.

The hearing began on 12 April in Calgary. It continued in Ottawa on 25 April, and ended on 13 July. By letter dated 2 August, the Board indicated that, if the exports at Gananoque proposed by Western Gas Marketing Limited were approved, the hearing would be reopened to obtain further evidence on routing and environmental matters.

On 24 August the Board issued its decision with respect to the requested facilities, except the Gananoque Extension. (Refer to item 10 under *Recent Hearing Reports and Decisions*.)

The Board expects to issue its Reasons for Decision in the fall of 1989.

4. *Westcoast Energy Inc. - 1989 Tolls - RH-1-89 Phase I*

The examination of Westcoast's tolls for the period 1 November 1989 to 31 December 1990 is being held in two phases. Phase I considered toll design and tariff matters, including capacity allocation and self-displacement, while Phase II will deal with rate base, cost of service and rate of return matters.

Phase I of the hearing began on 12 June in Vancouver and ended on 18 July in Ottawa.

The Board expects to issue its Reasons for Decision on Phase I in the fall. (Refer also to item 9 under *Recent Reports and Decisions* and item 1 under *Hearings Scheduled*.)

Hearings Scheduled

The following hearing is scheduled to commence on the date indicated.

1. *Westcoast Energy Inc. - 1989 Tolls - RH-2-89 - Phase II*

On 3 August, the Board issued Order RH-2-89, setting down the procedures

to be followed in the Phase II hearing on Westcoast's tolls effective 1 November 1989.

Phase I considered toll design and tariff matters, including capacity allocation and self-displacement, while Phase II will deal with rate base, cost of service and rate of return matters.

Phase II of the hearing will begin on 11 October in Vancouver. Interventions were due 21 August. (Refer also to item 4 under *Hearing Decisions Pending*.)

Applications Considered by Written Submissions

1. *Foothills Pipe Lines (Alta.) Ltd. - Eastern Leg Expansion - GHW-1-89*

Decision issued 30 June; Reasons for Decision dated June 1989, issued 4 July.

The Board approved an application dated 11 April by Foothills requesting approval to install decompression/recompression capability around a gas stripping plant near Empress, Alberta.

The new facilities will remove a bottleneck on the Eastern Leg of Foothills' pipeline and will allow the company to increase the operating pressure of its pipeline, while continuing to strip the gas stream of ethane and other heavier hydrocarbons prior to leaving Alberta.

The higher pressure will allow Foothills to increase the capacity of the Eastern Leg Prebuild by approximately 25 percent, to 38.2 million cubic metres per day (1350 million cubic feet per day) once further minor modifications are made to the system.

The expansion is estimated to cost \$34.5 million.

2. *New Brunswick Electric Power Commission - Condition 6(b) - EHW-1-89*

By letter dated 10 March, New Brunswick Power requested clarification of condition 6(b) of its interruptible export Licences EL-140, EL-143 and EL-145. Condition 6(b) requires that energy be offered to economically accessible Canadian markets prior to being exported.

The Board decided to provide interested parties an opportunity to comment on the interpretation of this condition prior to responding to New Brunswick Power. By Order EHW-1-89 dated 8 June, the Board requested interested parties to submit their comments by 4 July, later extended to 11 July.

On 17 August, the Board decided that the purpose of the offer condition was to ensure that, before an export would be made, each neighbouring utility would have an opportunity to purchase an amount of electricity equal to the amount proposed to be exported under the same terms and conditions, including price.

3. *Interprovincial Pipe Line Company - Toll Design Study - RHW-1-89*

On 28 June 1988, Interprovincial filed a toll design study in compliance with NEB Reasons for Decision RH-4-86 dated June 1987. This study addresses a number of toll design issues, including the appropriate level of surcharges for medium and heavy crude oils.

In February 1989, the Board asked Interprovincial and Trans Mountain Pipe Line Company Ltd. to convene a joint meeting of interested parties of both pipelines to discuss the study. Based on comments received from both companies and certain interested parties, the Board decided on 13 June to consider the study in the context of the Interprovincial system and issued Order RHW-1-89, requesting interested parties to submit their comments by 18 August; reply comments were due by 1 September.

The submissions are currently under review.

4. *Gas Supply Information Requirements - GHW-3-89*

On 27 July, the Board decided to hold a hearing by written submission to obtain

views of interested parties on the information on gas supply required to be provided by TransCanada PipeLines Limited in support of its application for facilities required in 1991 and 1992.

The decision to hold a hearing was precipitated by an application by Union Gas Limited for an order requiring TransCanada to include certain facilities in its 1991/92 facilities application. (Refer also to Item 6 under *Pipeline Matters*.)

TransCanada did not include the facilities required to transport natural gas for Union Gas Limited because Union had not provided TransCanada with a copy of a gas supply agreement for the service requested. C-I-L Inc. also indicated in a letter dated 27 June that facilities to transport its volumes had not been included in TransCanada's application.

On 8 August the Board issued Order GHW-3-89, requesting interested

parties are to file their submissions by 5 September; reply comments are due 13 September. These dates were subsequently extended to 22 September and 6 October, respectively.

It is expected that the information required to be provided on gas supply as determined by the Board in this hearing will serve as a guideline for TransCanada to decide which volumes should be included in any amended facilities application for 1991 and 1992.

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either dormant or still under review by the Board.

Company	Date of Application	Description
Dormant		
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System
4. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to United States (Venture Project)
5. Sulpetro Limited	14 March 1986	Amendment to Licence GL-82 to extend the term and increase authorized exports. It is expected that Esso Resources Canada Limited, which purchased Sulpetro Limited, will assume sponsorship of this application. In April 1988, the Board assigned Licence GL-82 to Esso Resources.
Under Review		
6. Hydro-Québec	28 July 1989	Export of electric power and energy to the New York Power Authority

Company	Date of Application	Description
Under Review		
7. Hydro-Québec	28 July 1989	Export of electric power and energy to Vermont Joint Owners
8. TransCanada PipeLines Limited	26 July 1989	New tolls effective 1 January 1990.
9. TransCanada PipeLines Limited	29 June 1989	\$1.2 billion expansion of facilities pipeline system for service beginning 1 November 1991 and 1 November 1992.
10. Various applications have been received and others are expected for licences to export natural gas using the facilities of TransCanada PipeLines Limited mainly for services beginning 1 November 1991 and 1 November 1992. The following table provides the information available to date on volumes.		

Applicant and Application Date	Volume Billion Cubic Metres	Billion Cubic Feet
At Emerson, Manitoba:		
Kamine South Glens Falls Cogen Co., Inc./		
Beta South Glens Falls Inc. - 9 August	2.1	74
Western Gas Marketing Limited - 9 August	2.3	83
At Niagara Falls, Ontario:		
Vector Energy Inc. - 25 July	5.7	200
Ramarro Resources Ltd. - 28 July	.9	33
Canadian Occidental Petroleum Ltd. - 9 August	2.4	84
At Iroquois, Ontario:		
Pawtucket Power Associates Limited		
Partnership - 1 August	2.6	93
JMC Selkirk, Inc. - 11 August	3.7	130
ProGas Limited - 8 August	4.8	170
At Chippawa, Ontario:		
Kamine Carthage Cogen Co. Inc./		
Beta Carthage Inc. - 9 August	2.1	74
At Philipsburg, Quebec:		
Esso Resources Canada Limited - 27 July	5.4	192
New England Power Company - 4 August	9.3	329
At Napierville, Quebec:		
FSC Resources Limited - 28 July	8.4	300

Other Regulatory Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, and to authorize toll adjustments.

Since the 1 June 1989 edition of the Agenda, the following major matters have been considered by the Board.

Reviews

1. *Interprovincial Pipe Line Company*

In late 1986, the Board commenced a review of its decision to adopt recommendation 5.9 made by the Board's panel investigating a fatal accident in 1985 on Interprovincial's pipeline near Camrose, Alberta. The recommendation required pipeline companies under Board jurisdiction to remove all welds in certain circumstances and to check the soundness of a sample of welds in others.

On 22 July 1988, the Board informed industry that it agreed with a two-phase process of review suggested by industry. The first phase consisted of a program of inspection or sampling with the intent of gathering evidence for the review. The evidence was due to be filed by the companies by 31 December 1988. Submissions were received from five companies: Dome Petroleum Ltd., Interprovincial Pipe Line Company, Petroleum Transmission Company, Trans Mountain Pipe Line Company Ltd., and Trans-Northern Pipelines Inc. The second phase consists of a review of the recommendation in view of the submissions filed. The procedures to be followed in the review are specified in Order OHW-1-89. Interested parties are to provide their comments on the submissions by 6 October, later extended to 3 November.

At the same time, the Board requested the remaining companies under its jurisdiction and interested parties to the proceeding to provide additional information.

In a related matter, the Board invited industry to submit comments on the eleven other recommendations made in the inquiry panel's report. On 22 January, 14 April and 22 July 1988, and 16 February 1989, the Board made a number of decisions in respect of the recommendations and approved corresponding amendments to the Onshore Pipeline Regulations.

2. *Citizens' Coalition for Clean Water - St. Clair Pipelines Ltd. - Review of Environmental Conditions - GHW-2-89*

In an application dated 15 March, the Citizens' Coalition requested the Board to review its October 1988 decision approving an application by St. Clair Pipelines Ltd. to build a pipeline across the St. Clair River.

The Citizens' Coalition represents the Town of Wallaceburg and the Walpole Island Indian Reserve. Both withdraw water downstream of the St. Clair crossing site.

The application raised several environmental issues related to the the Board's approval.

On 29 March, the Board outlined the procedure to be used in considering the Citizens' Coalition application and established the dates for submissions from the Coalition and interested parties on the question of whether a review should be held.

On 8 June, the Board denied the application by the Citizens' Coalition for Clean Water to review the Board's approval of the St. Clair Pipelines river crossing. In its letter, the Board stated that the proposed crossing is in the

public interest, that the directional drilling procedure provides the most appropriate method of crossing the river, and that the pipeline can be constructed in an environmentally acceptable manner.

While it was not prepared to review its decision to approve St. Clair Pipelines' proposal, the Board decided, on its own motion, to conduct a review on whether the terms and conditions of the enabling order ensure that the pipeline will be constructed and operated in an environmentally acceptable manner.

The Board issued Order GHW-2-89, outlining the procedures to be followed in the review. Submissions on the issues were due 4 August; St. Clair's reply was due 18 August.

The submissions are currently under review.

3. *Vector Energy Inc.*

Vector requested the Board on 25 July to review its decision of 5 July on the proceedings held under Order GH-8-88. That decision denied Vector a licence to export natural gas to Altresco Inc. of Denver, Colorado, for a proposed cogeneration facility in Pittsfield, Massachusetts.

On 3 August, the Board decided to deny the application for review and to treat the application as a new application for a gas export licence. (Refer also to item 10 under *Traffic and Toll Matters*.)

Appeals

1. *Cyanamid Canada Pipeline Inc.*

On 6 April 1987, Cyanamid applied for a review of the Board's December 1986 decision that the Board had jurisdiction over a short pipeline to be constructed by Cyanamid from its

plant at Welland to the TransCanada pipeline at Black Horse Station, Ontario. In view of a judgment in March 1987 of the Divisional Court of the Supreme Court of Ontario, which had confirmed the exclusive jurisdiction of the Ontario Energy Board over by-pass pipelines in Ontario such as Cyanamid's proposed facilities, Cyanamid also requested that the question of jurisdiction be referred to the Federal Court of Appeal to confirm federal jurisdiction over its proposed facilities. In April 1987, the Board decided to proceed with the review and to refer the issue of jurisdiction to the Federal Court of Appeal.

On 27 November 1987, the Federal Court of Appeal ruled that the Board did not have jurisdiction over the proposed Cyanamid Canada Pipeline Inc. facility. Cyanamid then filed an application with the Supreme Court of Canada for leave to appeal the Federal Court's decision. The application was heard by the Court on 25 April 1988. In a decision rendered from the bench, the Court granted leave to appeal.

Following the judgment of the Divisional Court on typical by-passes in Ontario, the Lieutenant Governor of Ontario brought a reference to the Ontario Court of Appeal on the matter of provincial jurisdiction over by-pass facilities. The reference was heard in October 1987 and the Court of Appeal rendered its decision in February 1988, affirming that by-pass pipelines similar to that proposed by Cyanamid fell within provincial jurisdiction. Cyanamid has also appealed the decision of the Court of Appeal of Ontario in the Supreme Court of Canada. It is anticipated that Cyanamid's two appeals before the Supreme Court of Canada will be heard together in the fall of 1989.

2. Union Gas Limited

On 20 December 1988, Union filed an application with the Federal Court of

Appeal for leave to appeal the Board's decision of 30 November 1988. That decision denied an application by Union to review that part of the Board's decision under GH-2-87 that authorized TransCanada PipeLines Limited to build its proposed Kirkwall Line. Leave to Appeal was granted by the Court.

The Court has asked Union to indicate whether it wishes to proceed with the appeal or to hold the file in abeyance pending the completion of TransCanada's purchase of Union's Kirkwall Line. Union discontinued the appeal in May and filed a Notice of Discontinuance with the Court shortly thereafter.

3. Midland Cogeneration Venture Limited Partnership

By application dated 31 July, Midland applied to the Federal Court of Appeal for leave to appeal the Board's decision of 28 June on the proceedings held under GH-8-88. The Board had authorized five Canadian companies to export natural gas to Midland and Consumers Power Company and had conditioned the licences such that the exports to Midland may not exceed those to Consumers.

Midland requested the Court to defer action on the application for leave to appeal pending the filing and consideration of an application to the Board for an amendment to the licence.

Gas Matters

1. Shell Canada Limited - Amendment of Gas Sales Agreement with Granite State Transmission Inc.

Shell applied on 30 March for approval of an amending agreement to the Gas Purchase Agreement of 25 June 1986 between Shell and Granite State.

The Board approved the agreement on 1 June.

2. Westcoast Energy Inc. - Amendment of Gas Sales Agreement under Licence GL-41

Westcoast submitted three applications, dated 21 February, 31 March and 27 April, for approval of several amendments to the gas sales agreements for interruptible sales under Licence GL-41.

The Board approved the applications on 1 June.

3. Pan-Alberta Gas Ltd. - Amendment of Gas Sales Agreement with Northwest Alaskan Pipeline Company

On 20 June, Pan-Alberta requested approval of the changed contractual arrangements for sales between Pan-Alberta and Northwest Alaskan in accordance with a Memorandum of Understanding between Pan-Alberta and United Gas Pipe Line Company Limited.

The Board approved the amendment on 30 June.

4. Westcoast Energy Inc. - Amendment of Gas Sales Contract with Northwest Natural Gas Company

Westcoast submitted an application dated 10 March for approval of amending agreements to a gas sales contract with Northwest Natural for interruptible sales under Licence GL-41.

The Board approved the application on 13 July.

5. Revised Export Impact Assessment Filing Requirements

In its decision of July 1987, *Review of Natural Gas Surplus Determination Procedures*, the Board established a requirement whereby an applicant for a natural gas export licence must file an export impact assessment (EIA). Implementation of the EIA has demonstrated that it is difficult to measure the impacts of small proposed export volumes as they may not be

substantial and that there appears to be uncertainty on the part of applicants about how best to satisfy the EIA requirements.

In early September, the Board will issue for comment a proposed amendment to the EIA filing requirement. Comments are due to be filed by 29 September.

Pipeline Matters

1. *Foothills Pipe Lines (Yukon) Ltd. - Compressor Station 393*

Foothills submitted an application on 22 October 1988, requesting authorization to build a new Compressor Station 393 near Val Marie, Saskatchewan.

During the Board's review of the application, it received an opinion from the Department of Justice that construction of this project falls within the ambit of the *Northern Pipeline Act (NPA)*. As a result, Kenneth W. Vollman, Temporary Board Member, was appointed Administrator and Designated Officer of the Northern Pipeline Agency.

In compliance with the *NPA*, Foothills submitted an addendum to the system design report to the Agency, seeking the installation of the new compressor station in order to provide system security.

The addendum to the system design report was approved by the Designated Officer on 9 February 1989.

Numerous other submissions have been filed by Foothills in order to comply with the provisions of both the *NEB Act* and the *NPA* in respect of this project. They will be reviewed by the Agency and the Board.

2. *TransCanada PipeLines Limited - 1989 Winter Construction*

In a letter dated 13 April, the Board informed TransCanada that it was aware that the company has been experiencing

a large number of weld failures during hydrostatic testing of a pipeline loop being constructed in northern Ontario. The letter requested the company to report on the nature and causes of all welds that fail hydrostatic testing and to provide evidence that no deleterious defects remain in the pipeline following hydrostatic testing and final tie-in.

3. *Canadian Hunter Exploration Ltd. - New Interprovincial Pipeline*

On 14 April, Canadian Hunter submitted an application for approval to build a 2.3-kilometre natural gas pipeline crossing the British Columbia/Alberta border in the Deep Basin area. The pipeline, estimated to cost \$470,000, would be built between June and August 1989.

The application was approved on 1 June.

4. *Westspur Pipe Line Company (1985) Inc./Dome Petroleum Limited - Purchase/Sale of Assets of Westspur*

By application dated 2 February, Westspur applied under section 74 of the *Act* to sell a 1.7-kilometre section of its oil pipeline in Saskatchewan to Dome. On 13 April, Dome filed a related application to purchase the facilities from Westspur.

The applications are currently under review.

5. *Westcoast Energy Inc. - Aitken Creek Loop*

Westcoast applied on 28 April to build a 31-kilometre pipeline parallel to the existing Aitken Creek pipeline in northeastern British Columbia. The new section of pipeline would increase the capacity of the Aitken Creek pipeline and would enable Westcoast to transport Laprise off-load volumes and natural gas from Unocal's Aitken Creek storage facilities to its Fort Nelson mainline.

The pipeline is expected to cost \$8.1 million and to be in service by 1 November 1989.

The application was approved on 8 June.

6. *Union Gas Limited - Amendment of TransCanada's 1991/92 Facilities Application*

In an application dated 23 June, Union requested the Board to order TransCanada PipeLines Limited to amend its application for facilities required in 1991 and 1992 by including the facilities necessary to transport 1.3 million cubic metres (47 million cubic feet) of natural gas per day for Union.

TransCanada had not included in its application the facilities required to serve Union as Union has not provided TransCanada with evidence of gas supply arrangements.

On 8 August, the Board indicated that, while it has jurisdiction to require a pipeline to provide transportation services and facilities, the decision to apply for facilities is a pipeline company's prerogative and cannot be ordered by the Board. Accordingly, the Board denied Union's application.

However, it was apparent to the Board that there is some uncertainty among interested parties about the Board's criteria as to the information on gas supply required to be provided in support of facilities applications. In an effort to remove this uncertainty, the Board decided to examine the information on gas supply required to be provided by TransCanada in support of its 1991 and 1992 facilities application. (Refer to Item 4 under *Written Submissions*.)

7. *Westcoast Energy Inc. - Pine and Commotion Pipelines*

By application dated 27 April, Westcoast requested approval to build

the Pine and Commotion Pipelines to deliver raw gas produced by Texaco Canada Resources to the Pine River Gas Processing Plant in British Columbia.

The two pipelines would total 18 kilometres in length and are expected to cost \$3.1 million. They are to be in service by 1 November 1989.

The application also requested approval of a monthly surcharge to be levied on Texaco to ensure that Westcoast's cost of service is fully recovered.

On 17 August, the Board approved the application and the proposed surcharge. However, the Board is concerned that there does not appear to be any clearly established criteria to assess the appropriateness of a surcharge or its level. In this regard, the Board wished to establish specific criteria that can be applied to future facility expansions. The Board invited the recently established Operating Committee to address this matter and to submit, by 1 November, a recommendation for consideration by the Board. After considering the committee's submission, the Board will establish the level of the surcharge, if one is deemed appropriate, pursuant to the policy developed.

8. *Bonanza Oil and Gas Ltd. - New Interprovincial Pipeline*

On 14 June, Bonanza submitted an application for approval to construct a 5.4-kilometre pipeline from its new well in Saskatchewan to an existing gas processing plant in Alberta.

The pipeline would cost some \$200,000 and is expected to take two to three weeks to build.

The application was approved on 24 August.

Traffic and Toll Matters

1. *Trans-Northern Pipelines Inc.*

On 13 March Trans-Northern filed a Class 2 toll adjustment application requesting a 5.5-percent increase in its tolls. Trans-Northern also requested that its current tolls be made interim effective 1 March 1989 pending completion of the Board's review of its application.

The Board approved interim tolls on 23 March to be effective 1 April.

On 30 June, the Board approved a 0.8 percent increase in the company's tolls.

2. *Union Gas Limited*

Union Gas submitted an application dated 23 January under section 71(2) of the *Act* requesting the Board to direct TransCanada PipeLines Limited, effective 1 February, to receive, transport and deliver natural gas for Union on the same terms and conditions as contracts currently in effect. The application was to be heard by the Panel designated to hear TransCanada's application for tolls for 1988 and 1989, at the close of that hearing. The Board issued Order TGI-1-89 on 1 February requiring TransCanada to provide the requested service on an interim basis pending final disposition of the application.

On 3 April, during the course of the TransCanada tolls hearing being held pursuant to Order RH-1-88, Union Gas requested the Board to hold its application in abeyance for a period not exceeding 60 days to allow Union and TransCanada sufficient time to reach a settlement. The 60-day period expired on 3 June. On 20 June, Union advised the Board that Union and TransCanada had reached an agreement. The Board issued Order RO-TGI-1-89 on 28 June, rescinding the tariff order.

3. *Interprovincial Pipe Line Company - Class 2 Toll Adjustment*

On 16 May, Interprovincial filed a Class 2 toll adjustment application, proposing new tolls for 1989, to become effective 16 July.

On 12 July, the Board approved new tolls, reflecting the tolls requested by Interprovincial, with certain modifications, effective 16 July.

4. *Trans Québec & Maritimes Pipeline Inc. - Deferral Account*

On 14 June, Gazoduc TQM requested the Board to approve the establishment of a deferral account to record the payments made under a new tax rule applied to large companies. TQM also proposed that disposition of the account balance be determined at the next hearing on Gazoduc TQM's tolls.

The Board approved the application on 12 July.

5. *Cochin Pipe Lines Ltd. - Tariff No. 51*

On 15 June, Cochin filed Tariff No. 51, to be effective 1 July 1989, and requested the Board to waive its requirement for Cochin to file a new tariff not later than 60 days prior to its effective date.

On 30 June, the Board granted the waiver and consented to the proposed effective date.

6. *Cochin Pipe Lines Ltd. - Tariffs 52, 53, 54 and 55*

Cochin filed Tariffs 52, 53, 54 and 55 on 28 June and subsequently amended them on 12 July. The tariffs provide for an incentive toll (about a 40-percent discount) on shipments of ethane, ethylene and natural gas liquids during April, May, June, July and August.

Cochin also requested the Board to waive its requirement that Cochin file

a tariff not later than 60 days prior to its effective date.

The Board received letters dated 14 and 24 July from ICG Propane, a division of Inter-City Gas Corporation, requesting the Board not to waive the 60-day tariff filing requirement.

On 27 July, the Board denied the request for a waiver of the 60-day filing requirement and informed Cochin that it was suspending these tariffs pending the disposition of ICG Propane's complaint.

To consider the complaint, the Board requested Cochin to file additional information by 11 August, interested parties to file their comments by 25 August and Cochin to submit its reply comments by 30 August.

The filings are currently under review.

7. *Alberta Natural Gas Company Ltd. - Review of Tariff*

On 3 August, the Board directed Alberta Natural Gas to review its gas transportation contracts with its shippers with a view to eliminating certain shortcomings, including the elimination of discriminatory tariff provisions and the establishment of clear terms of access in a published uniform tariff. The Board directed the Company to file the uniform tariff by 1 November 1989.

8. *Direct Energy Marketing Limited - Access to TransCanada Pipeline*

Direct Energy applied on 17 July for an order directing TransCanada PipeLines Limited to transport natural gas offered by Direct Energy, to provide suitable facilities required to transport the gas and to reinstate Direct Energy's position in TransCanada's firm service queue.

On 27 July, the Board issued an interim order directing TransCanada to reserve for Direct Energy that capacity

originally dedicated to Direct Energy until otherwise ordered by the Board.

The Board found Direct Energy's application with respect to the provision of transportation services and suitable facilities to be premature and, accordingly, reserved consideration until the Board renders a decision on Direct Energy's export application.

9. *Kamine Carthage Cogen Co., Inc. and Beta Carthage Inc.; Kamine South Glens Falls Cogen Co., Inc and Beta South Glens Falls Inc. - Access to TransCanada Pipeline*

On 21 July, the above four companies submitted two applications for an order requiring TransCanada PipeLines Limited to transport natural gas offered by them and to provide suitable facilities required to do so, for service commencing 1 April 1991.

The Board denied the applications on 3 August, taking into consideration the fact that the applicants' export applications are incomplete and are not ready to be set down for hearing.

10. *Vector Energy Inc. - Position in TransCanada Queue*

Concurrent with its application of 25 July for a review of the Board's decision of 5 July on the proceedings held under GH-8-88, Vector requested the Board to order TransCanada PipeLines Limited to confirm and maintain Vector's position in the TransCanada queue for service and to provide that relief on an interim basis, pending final disposition of its application.

On 8 August, the Board decided to solicit the comments of interested parties on the matter of reinstating Vector's position in TransCanada's queue. Comments were due 22 August; reply comments were due 29 August. (Refer also to item 4 under *Reviews*.)

The Board also requested TransCanada to provide background on the reasons for terminating the Vector Precedent Agreement, detailing the current operation of its queue and commenting on how Vector's request for reinstatement into the queue would impact on Vector and other prospective shippers already in, or about to enter, the queue for service for the 1989 or 1990 contract years.

Electricity Matters

1. *Export Orders and Agreements*

On 20 July, the Board approved an amendment to B.C. Hydro's interruptible sales agreement with Washington Water Power.

The agreement provides for the sale of 146.4 gigawatt hours of energy during each of the periods 15 August to 14 October in 1989 and 1990. The amendment advances the commencement and termination dates to 1 August and 30 September each year.

The Board also authorized The New Brunswick Electric Power Commission to export, by order, short-term firm power to the Public Service of New Hampshire. New Brunswick Power may export up to 25 megawatts of firm power and up to 73.2 gigawatt hours of associated energy during the period 1 August to 30 November 1989.

2. *B.C. Hydro - Exchange Agreement with Bonneville Power Administration*

The Board approved a six-month extension of an exchange agreement dated 25 March 1970 between B.C. Hydro and Bonneville. The extension would allow B.C. Hydro to complete negotiations with Bonneville to replace the agreement which was to expire 30 June.

Natural Gas Market Assessment

In its decision of July 1987, *Review of Natural Gas Surplus Determination*

Procedures, the Board indicated it would publish from time to time an assessment of the short-term functioning of the Canadian natural gas market.

The first of these reports, dated October 1988, was published in December 1988. The second, which will contain a review of the Canadian natural gas market and an assessment of the short-term outlook to 1991, is expected to be published in December 1989.

Implementation of New Electricity Export Policy

In September 1988, the Minister of Energy, Mines and Resources announced a new electricity export policy and asked the Board to implement the new policy to the maximum extent consistent with the existing *Act*. The Minister also requested the Board's advice on any immediate changes the Board believed were needed to be made to its existing regulations, rules and procedures in order to give effect to the new policy.

Under the new policy, following amendments to the *Act*, it will be possible for the Board to authorize most electricity exports and international power lines by permit, without the requirement for a public hearing (unless so ordered by the Board) or for Governor in Council approval.

Full implementation of the new policy will require amendments to the *Act* and other regulatory amendments.

The Board has, however, issued a Memorandum of Guidance dated 21 December 1988, advising parties that certain aspects of the policy can be implemented by amendments to the Part VI Regulations, the Rules of Practice and Procedure and the Board's procedures in dealing with export applications. Noting that even these

regulatory amendments may take some time to have processed, the Board has taken immediate steps to modify its information requirements and procedures in order to comply with the policy to the maximum extent possible under the current *Act*. (Refer to *Amendments to National Energy Board Act*, *Amendments to Regulations*, and *Rules of Practice and Procedure*.)

Electricity Review

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review interprovincial electricity trade. Specifically, the Minister asked the Board to review and report on possible measures that could be taken to

- (i) enhance interprovincial trade,
- (ii) encourage greater cooperation between utilities in systems planning and development, and
- (iii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces.

In March, the Board advised the Minister of the approach it was proposing to take in conducting the review. In May, the Minister agreed with the suggested approach, and the Board will now be proceeding to conduct its review.

The Board intends first, with participation by utilities, provincial governments and other interested parties, to establish the necessary information base. It will examine historical developments, cooperative inter-utility initiatives that are now ongoing, the potential benefits of inter-utility cooperation, economic and technical considerations, and other relevant matters.

Following the assessment of potential benefits, the Board will examine

measures that industry and governments could take to encourage interprovincial cooperation in systems planning and development and to provide greater access to available transmission capacity for wheeling purposes.

Amendment to National Energy Board Act

On 7 June, Bill C-23, an amendment to the National Energy Board Act, was tabled in Parliament. The bill includes the incorporation of the new electricity export policy, housekeeping amendments, a reduction in the number of Board Members from 11 to 9, and the provision for the Board to recover the cost of its operations.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations provide for the safe design, construction and operation of onshore oil and gas pipelines. The regulations will be amended to reflect the outcome of Board-industry deliberations on the 12 recommendations included in the Board's report of June 1986 on an accident on Interprovincial's system in February 1985 (See item 1 under *Reviews*.)

2. Offshore Pipeline Regulations

On 24 November 1988, the Board issued for comment the second draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA standard, "CAN/CSA-Z187-M87, Offshore Pipelines", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties had until the end of April to submit comments. A final draft of the regulations was approved by the Board on 12 July. The draft regulations have been submitted to the Department of Justice for examination.

3. Part VI Regulations

The Part VI Regulations are being amended to reflect the new electricity export policy to the maximum extent possible under the current *Act*. (Refer to *Implementation of New Electricity Export Policy*.)

As well, other revisions are being proposed to reflect the natural gas market-based procedure and the changes suggested by the Standing Joint Committee on Regulatory Scrutiny. The latter include the removal of certain provisions respecting export and import reporting requirements, which are now to be included in the Export and Import Reporting Regulations (see below).

The proposed amendments will require examination by the Department of Justice and will need Governor in Council approval.

4. Export and Import Reporting Regulations

These proposed regulations would require companies exporting oil, natural gas, or power, or importing natural gas to provide certain information to the Board. The

information is similar to that currently required by the Part VI Regulations.

The Board decided to remove the reporting requirements from the Part VI Regulations and make these new regulations under subsection 129(1) of the *Act*, on the suggestion of the Standing Joint Committee on Regulatory Scrutiny.

The regulations, which will require Governor in Council approval, will be processed together with the above-noted changes to the Part VI Regulations.

5. Regulations Pertaining to Crossings Involving International Power Lines

Following receipt of comments from interested parties on draft International Power Line Crossing Regulations, the Board approved a new draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. International Power Line Crossings, Construction and Abandonment Regulations

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. International Power Line Crossings Regulations

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

The scope of these regulations is being re-examined in view of the new electricity export policy recently announced. (See also *Implementation of New Electricity Export Policy*.)

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the Rules of Practice and Procedure and the schedules which form part of the rules. The Board has asked all parties to use them, although they must still be published in the Canada Gazette before they become binding. It is expected that publication will occur in the next few months.

The revised Rules will reflect the changes in numeration to the *Act* which came into effect in December 1988.

The Schedules to the revised Rules will reflect the revised information requirements for certificates for international power lines described in the new electricity export policy. (Refer to *Implementation of New Electricity Export Policy*.)

Administrative Matters

Cost Recovery Regulations

In response to the government's cost recovery initiatives introduced in 1985 and re-emphasized in the 27 April 1989 Budget, the Board has received Treasury Board approval in principle to proceed with full cost recovery,

subject to the passage of amendments to the *Act*, consultation with industry, and the subsequent making of regulations. On 31 July, an information package, outlining the Board's proposed charging mechanism, was issued for comment by 5 September, later extended to 15 September.

Board Member Changes

Mr. A. Digby Hunt retired from the Board on 4 August. Mr. Hunt was appointed to the Board in August 1982 as a Member and Associate Vice-Chairman, a position he held until his retirement.

On 21 July, Mrs. Anita Côté-Verhaaf was appointed Member of the Board for seven years effective 1 September. Mrs. Côté-Verhaaf comes from Gaz Métropolitain, inc., where she was the Executive Advisor of Regulatory Affairs.

Extended Service to Our Clients

In order to improve the service provided by the Board, key professional staff will be on duty until 6:00 p.m., Ottawa time.

Reports and Speeches

1. *Who is Responsible for Security of Supply Under Market-Based Regulation?*, a presentation by J.R. Jenkins, Member, to the Industrial Gas Users Association Gas Purchasing Update Seminar II on 6 June in Toronto.
2. *The Role of the National Energy Board in the New Natural Gas Industry Environment*, a presentation by I. Melzer, Senior Analyst, to Exploration Update 1989 - Integration of Technologies Conference on 14 June in Calgary.
3. *Access to Secure Pipeline Transportation Service*, a presentation by J.-G. Fredette,

Vice Chairman, to the Canadian Institute's Conference: Canadian Gas Exchange '89 on 15 June in Toronto.

4. *The Macro Outlook: Supply and Demand, Today and Tomorrow*, an address by P. Miles, Director General, Energy Regulation, to Canadian Gas Exchange '89 on 16 June in Toronto.
5. *Canadian Gas Export Issues in the Free Trade Era*, a presentation by R. Priddle, Chairman, to the Twelfth Annual American Gas Association Legal Forum on 18 July in White Sulphur Springs, West Virginia.
6. *Canadian Electric Utilities, Analysis of Generation and Trends, 1987*, issued June 1989.
7. *Exports of Petroleum Products, 1988*, dated April 1989, issued July 1989.
8. *Exports of Crude Oil, 1988*, dated June 1989, issued August 1989.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary,

National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900).

Appendix I at the end of the agenda lists the number of copies required for the different types of applications.

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers, is attached in Appendix II.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added thereto, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L4: Oil and Gas matters
- L5: Electrical matters
- L6: Annual Reports only
- L7: Press Releases only
- L8: Regulatory Agendas only

Lists 2 and 3, which covered oil and gas matters separately, have been amalgamated into List 4.

National Energy Board



Louise Meagher
Secretary

For copies of documents contact:

Regulatory Support Office (613) 998-7204

For information contact:

Ulana Perovic, Information Services (613) 990-3166

Appendix I

Instructions For Filings With The National Energy Board

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing		No. of Copies
(a) Hearing Matters		
(i)	Certificates	
	- Pipeline	35
	- Power line	30
(ii)	Export licences	
	- Natural gas	35
	- Electricity	30
(iii)	Tolls	35
(iv)	Land Acquisitions	10
(b) Non-Hearing Matters		
(i)	<i>Natural Gas</i>	
	Export Orders	20
	Orders for Transmission Access	20
	Licence Amendments	20
	Amends to Export Contracts	20
	Licence Revocations	20
(ii)	<i>Electricity Exports</i>	
	Orders	15
	Licence Amendments	15
	Licence Revocations	15
(iii)	<i>Oil Exports</i>	
	Registered Oil Export Orders	10
(iv)	<i>Tolls</i>	
	Class I and II Adjustments	20
	Interim Orders	20
	Operating and Maintenance Budgets	20
	Changes in Depreciation Rates	20
	Quarterly Surveillance Reports	20
	New or Changed Tariffs	20
	Domestic Gas Sales Contracts and Amendments	20
	Amendments to Tariff Orders	20

Type of Application or Filing	No. of Copies
(v) <i>Pipelines and Power Lines</i>	
Exemption Orders Power Lines	15
Exemption Orders Pipelines	
(Sec. 58)	20
Certificate Amendments	20
Certificate Revocations	20
Leaves to Sell or Transfer	20
Incident Reports	20
(vi) <i>Other</i>	
Applications for Review	20

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5. (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900)

Appendix II

NATIONAL ENERGY BOARD Selected List of Telephone Numbers

BOARD MEMBERS

Chairman	R. Priddle	990-3454
Vice-Chairman	J.-G. Fredette	990-3462
Member	J.R. Jenkins	990-3460
Member	R.B. Horner, Q.C.	990-3459
Member	W.G. Stewart	990-3470
Member	A.B. Gilmour	990-3312
Member	A. Côté-Verhaaf	990-3264
Temporary Member	D.B. Smith (403)	292-6694
Temporary Member	K.W. Vollman	990-3465

EXECUTIVE DIRECTOR

Executive Director	R. Glass	998-7190
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Finance and Administration Branch

Director	W.R. Ganim	990-6523
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Personnel Branch

Director	J. Thompson	993-4823
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Planning and Review Branch

Director	C. Scott	990-6845
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Information Technology Branch

Director	D. Emmens	998-7974
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Office of the Secretary

Secretary	L. Meagher	990-3167
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A/Asst. Secretary Regulatory	B. Jolicoeur	990-3447
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A/Asst. Secretary Communications	A. Sicotte	998-7193
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A/Chief, Information Services	U. Perovic	990-3166
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Manager, Library	N. Park	990-6221
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Board Distribution Centre (Room 1064)		998-7204
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General Information		998-7204
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ENERGY REGULATION DIRECTORATE

Director General, Energy Regulation	P.L. Miles	998-7929
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Economics Branch

Director	M. Segal	998-9378
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Manager, & Asst. Director, Economic Analysis Group	R. Jackson, Jr.	998-7213
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Manager, Forecasting and Energy Market Analysis	E. Ruddick	998-7936
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Electric Power Branch

Director	A.N. Karas	990-0329
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Chief, Special Project Advisor and Power Generation Planning	C. Marriott	990-0335
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Chief, Regulatory	G. Izsak	990-0334
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Energy Supply Branch

Director	D.R. Collyer	998-7952
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Chief & Asst. Director, Crude Oil Supply	G.C. Hos	998-7921
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Chief, Special Projects	B. Bowers	998-7922
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Chief, Natural Gas Supply	P.R. Bourgeois	998-7925
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Chief, Geology and Resources	C.H. Gemeroy (403)	292-5400
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Gas and Oil Branch

Director	R.M. White	990-6235
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Gas:

Chief, Gas Policy Applications	D.M. Dubuc	993-6433
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Chief, Gas Transportation	H.H. Pols	993-7656
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Chief, Gas Regulatory Surveillance	R. Choy	993-7653
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Oil:

Chief & Asst. Director, Petroleum Products	B.A. Wells	990-6238
A/Chief, Crude Oil	J.A. Datto	990-6244
Chief, International Oil Analysis	C.P. Brown	990-6242
Chief, Operating Data and Oil Forecasting	N.X. Monteiro	990-6241

PIPELINE REGULATION DIRECTORATE

Director General, Pipeline Regulation	J.S. Klenavic	990-3314
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Environment Branch

Director	P.A. Carr	998-7179
A/Asst. Director, Environment	S. Pierce	998-7149
Chief, Pipeline Crossings	R.C. Seaman	998-7153

Financial Regulation Branch

Director	H. Pau	990-3188
Asst. Director, Operations	G.S. Johnson	990-3191
Chief, (TransCanada, TQM)	C.M. Sharp	990-3203
Chief, (Westcoast, Trans Mountain)	J.J. Dolan	990-3204
Chief, (Interprovincial, IPL (NW), Foothills)	G. O'Brien	990-3205
Chief, (Trans-Northern, Alberta Natural Gas, Cochin, Group 2 Pipelines)	J.C. Bruce	990-3213
Advisor, Toll Design, Capital and Labour Costs	J.R. Klotz	990-3158

Advisor, Accounting, Auditing and Taxation	Aideen Brown	990-3206
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Advisor, Financial Regulation	P.A. Martinson	990-3209
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Pipelines Engineering Branch

Director	E.L.M. Gordon	998-7160
Asst. Director	G. Caron	998-7131
Chief, Gas Pipelines West	S. Richardson	998-7134
Chief, Gas Pipelines East	B. McEwen	990-3185
Chief, Oil Pipelines	Z. Lewycky	998-7117
Chief, Group 2 Pipelines	F. Jeglic	998-7133
Chief, Safety	L. Gales	998-7118
Technical Advisor	J. Abes	998-7115
Chief, Field Inspection	D. Watson	998-7125

Law Branch

General Counsel	S.K. Fraser	990-6224
Assistant General Counsel	J. Morel	990-6223
Counsel	D. Bursey	990-6227
Counsel	M. Fowke	990-6229
Counsel	R. Graw	990-6232
Counsel	A. Vockeroth	990-3488
Counsel	S. Courtemanche- Scott	990-6228

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the licensing of oil, natural gas, and electricity exports, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by the Minister of Labour to administer Part IV of the *Canada Labour Code*.

Head Office:

National Energy Board
473 Albert Street
Ottawa, Ontario
K1A 0E5

(613) 998-7204

Calgary Office:

National Energy Board
4500 - 16th Avenue N.W.
Calgary, Alberta
T3B 0M6

(403) 292-6700

Regulatory Agenda

Issue No. 31

1 December 1989

Application Considered by Hearing

Recent Hearing Reports and Decisions

Since the 1 September 1989 edition of the Agenda, the following reports and decisions have been published by the Board following public hearings:

1. *Hydro-Québec - Electric Power Export - EH-2-89*

Reasons for Decision dated July 1989; issued 5 September 1989.

The Board granted Hydro-Québec's application dated 15 February 1989 to export to the New York Power Authority 800 megawatts of firm diversity power and up to 3 000 gigawatt hours of associated energy annually, from 1 April to 31 October beginning 23 June 1991 and ending 31 October 1998.

The hearing was held in Montreal from 16 to 18 May.

The licence was approved by Governor in Council on 26 October (P.C. 1989-2181).

2. *Esso Resources Canada Ltd./Shell Canada Ltd./Gulf Canada Resources Ltd. - Gas Export - GH-10-88*

Reasons for Decision dated August 1989; issued 19 October 1989.

The Board issued licences to Esso, Shell and Gulf authorizing the export

of natural gas from the Mackenzie Delta to the United States.

Esso is authorized to export 144 billion cubic metres (5.1 trillion cubic feet), Shell 25 billion cubic metres (0.9 trillion cubic feet) and Gulf 91 billion cubic metres (3.2 trillion cubic feet) over a 20-year period beginning no earlier than 1 November 1996 and no later than 31 October 2000.

The licences granted to Esso, Gulf and Shell are conditioned to ensure that Canadians will have the opportunity to purchase Mackenzie Delta gas on terms and conditions similar to those under which the gas would be exported.

The companies will be required to advise Canadian buyers who have

declared an interest in buying gas from the Mackenzie Delta region of the quantities available for sale from time to time.

As well, the companies will be required to file executed sales contracts with the Board for approval. They will also be required to advise all interested parties of the filing of these contracts and allow them time to register complaints with the Board if, in their view, they have not had the opportunity to purchase gas on terms and conditions similar to those in the export proposal.

The hearing was held over a 10-day period in Ottawa and Inuvik, Northwest Territories.

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National Energy Board



Canada

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7.

A profile of the National Energy Board appears on the last page of this agenda.

The licences require approval of the Governor in Council. (See also item 5 under *Reviews*.)

3. *Westcoast Energy Inc. 1989 Tolls - RH-1-89 Phase I*

Reasons for Decision dated September 1989; issued 12 October 1989.

The Board issued its reasons for decision on the matters considered during Phase I of a hearing held on Westcoast's toll design and tariff matters.

Phase I of the hearing began on 12 June in Vancouver and ended on 18 July in Ottawa.

In its report, the Board provided reasons for a number of decisions which had been previously announced, including a July decision on capacity allocation, queuing procedures, renewal rights and self-displacement, and an August decision on promotional tolls. (Refer also to item 3 under *Reviews*.)

The report also includes decisions on all other issues examined during Phase I of the hearing, including the design of interruptible, processing and transportation storage tolls, and the allocation of interruptible capacity. (Refer also to item 1 under *Hearing Decision Pending*.)

4. *Combined Hearing on TransCanada PipeLines Limited 1990/91 Facilities and on Associated Gas Export Licences - GH-1-89*

Decision on facilities dated August and Decision on exports dated November, issued 24 August and 20 November, respectively; Reasons for Decision expected in December 1989 or January 1990.

The Board authorized most of the requested expansion of the TransCanada system, comprising 407 kilometres of pipeline, four meter stations and five compressor units.

The expansion will allow TransCanada to increase natural gas deliveries to its

domestic market in eastern Canada and to the export market in the United States, beginning 1 November 1990.

The 407 kilometres includes a 36-kilometre Napierville Extension in Quebec and 371 kilometres of parallel pipeline across TransCanada's system, mostly in Saskatchewan and Manitoba.

The Board denied the relocation of a compressor unit on the Kirkwall Line and 35 kilometres of parallel pipeline proposed for TransCanada's Western Section to provide loss-of-unit protection.

The Board did not render a decision on the proposed Gananoque Extension in

eastern Ontario. The Board had previously informed parties that it would reopen the hearing to obtain further evidence on routing and environmental matters related to the Gananoque Extension, if the related application for the export of natural gas by Western Gas Marketing Limited to Niagara Mohawk Power Corporation were approved.

TransCanada's application was heard together with eight applications for natural gas export licences from shippers who would use the expanded system. In November the Board issued its decision with respect to those applications.

The Board approved the following applications:

Shipper/Importer	Term Quantity 10 ⁶ m ³	Bcf
Sprague, Manitoba:		
ICG Utilities (Ontario) Ltd./ Export for re-import at Rainy River, Ontario	3 150	111
Niagara Falls, Ontario:		
Amoco Canada Petroleum Limited/ Consolidated Edison	4 788	170
ProGas Limited/Texas Eastern Transmission Company	No increase in term quantity ¹	
Cornwall, Ontario:		
Western Gas Marketing Limited/ Megan-Racine Associates, Inc.	2 426	86
The Board denied the following applications:		
Philipsburg, Quebec:		
Direct Energy Marketing Limited/ Consolidated Fuels Co.	936	33
Niagara Falls, Ontario:		
Shell Canada Resources Ltd./ Cogen Energy Technology Inc.	2 755	97
Indeck Gas Supply Corporation/ Indeck Energy Services of Oswego Inc.	1 719	56
Gananoque, Ontario:		
Western Gas Marketing Limited/ Niagara Mohawk Power Corporation	7 910	279

With respect to the Gananoque Extension, now that the Board has denied the Western Gas Marketing export to Niagara Mowhawk at Gananoque the Board will not consider the application for the construction of the Gananoque Extension.

1. ProGas requested that the export points of two existing licences be changed from Emerson and Monchy to Niagara Falls.

Hearing Decision Pending

A decision is pending on the following matter for which a public hearing has been completed.

1. *Westcoast Energy Inc. - 1989 Tolls - RH-2-89 - Phase II*

The Board considered Westcoast's rate base, cost of service, and rate of return for the 1990 test year during the Phase II Westcoast's toll hearing.

The hearing was held in Vancouver from 11 to 24 October. Final argument was heard in Ottawa on 31 October and 1 November. (Refer also to item 3 under *Recent Hearing Reports and Decisions*)

The Board directed Westcoast to determine final tolls for the period 1 November to 31 December 1989 in the manner set out in the Board's ruling rendered on 19 October.

Hearings Scheduled

The following hearings are scheduled to commence on the dates indicated.

1. *Combined Hearing on TransCanada PipeLines Limited's 1991/92 Facilities and Associated Gas Export Licences - GH-5-89*

The Board announced that it would hear, but not before February 1990, an application dated 29 June 1989 by TransCanada for approval to expand its pipeline system by 1 November 1991 and 1992, to serve expanding domestic and export markets.

The proposed expansion includes the construction of 853 kilometres of pipeline, the installation of 16 new compressor units and three new compressor stations. The 853 kilometres includes two sections of new pipeline, 4.5 kilometres at Iroquois, Ontario and 0.9 kilometres at Philipsburg, Quebec. The remaining portion consists of parallel pipeline along TransCanada's

system in Saskatchewan, Manitoba, Ontario and Quebec.

The facilities are estimated to cost \$1.2 billion.

The Board is aware that TransCanada intends to amend its application, probably in December 1989. (Refer also to item 2 under *Applications Considered by Written Submission*.)

Shipper/Importer	10 ⁹ m ³	Term Quantity	Bcf
Emerson, Manitoba:			
Kamine South Glens Falls Cogen Co., Inc./			
Beta South Glens Falls Inc. - 9 August	2.1		74
Western Gas Marketing Limited - 9 August	2.3		83
Niagara Falls, Ontario:			
Canadian Occidental Petroleum Ltd.			
- 9 August	2.4		84
Enserch Development Corporation,			
on behalf of Encogen Four Partners			
Limited-6 November	2.4		85
Western Gas Marketing Limited			
- 8 November	1.6		55
Iroquois, Ontario:			
Pawtucket Power Associates Limited			
Partnership - 1 August	2.6		93
JMC Selkirk, Inc. - 11 August	3.7		130
ProGas Limited - 8 August	4.8		170
Chippawa, Ontario:			
Kamine Carthage Cogen Co. Inc./			
Beta Carthage Inc. - 9 August	2.1		74
Fulton Cogeneration Associates			
- 3 November	1.6		55
Philipsburg, Quebec:			
Esso Resources Canada Limited - 27 July	5.4		192
New England Power Company - 4 August	9.3		329

The Board held a pre-hearing conference on 21 November in Ottawa to discuss the most effective manner in which to consider TransCanada's application and the associated export applications. The purpose of the conference was to discuss scheduling, definition of issues, and information requirements.

The Board will also consider at the hearing export applications in support of the facilities requirements.

The Board established a 1 December 1989 deadline for companies to file export applications if they wish their applications to be heard in this hearing. Information on the export applications received by the time of writing are as follows:

A second pre-hearing conference will be held on 31 January 1990 in Calgary to discuss further matters raised at the first conference and any other issues which may arise.

2. *Hydro-Québec - Electricity Exports - EH-3-89*

On 18 July, Hydro-Québec filed two applications for licences to export firm power and energy to New York Power Authority and Vermont Joint Owners.

- *New York Power Authority* - Hydro-Québec requested approval to export two blocks of firm power and energy each for a period of 20 years.

The first block would allow for the export of 500 megawatts of power between 1 May 1995 and 30 April 2015. This request includes the delivery of a maximum export of 66 terawatt hours of firm energy. The second block would allow for the export of the same quantities of power and energy during the period 1 May 1996 to 30 April 2016.

- *Vermont Joint Owners* - Hydro requested approval to export seven blocks of firm power and energy, varying in size from 10 to 200 megawatts and varying in duration from four to nine years.

Together the blocks total up to 450 megawatts of firm power and a maximum of 62 terawatt hours of associated energy during the period 1 May 1990 to 31 October 2020.

By Order EH-3-89, the Board decided to consider both applications at the same hearing beginning on 16 January 1990 in Montreal. Interventions are due on 7 December.

3. *Various Applications for Gas Export Licences*

The Board has received a number of applications for gas export licences. By Order GH-6-89 dated 15 November, the Board decided to consider the applications at the same hearing beginning 30 January 1990 in Calgary. Interventions are due on 27 December.

Details of the applications follow.

a) *CanStates Gas Marketing and Transco Energy Marketing Company*

CanStates and Transco, as joint applicants, proposes to export at Niagara Falls, Ontario some 7 096 million cubic metres (251 billion cubic feet) of gas over a 15-year period commencing 1 November 1990 to a cogeneration facility in Hopewell, Virginia.

b) *FSC Resources Limited*

FSC proposes to export at Napierville, Quebec some 8 377 million cubic metres (300 billion cubic feet) of gas over a 15-year period commencing 1 November 1990 to three cogeneration facilities to be constructed near Plattsburg, New York.

c) *Ramarro Resources Ltd.*

Ramarro proposes to export at Niagara Falls, Ontario some 925 million cubic metres (33 billion cubic feet) of gas over a 15-year period commencing 1 November 1990 to Energy Marketing Exchange Inc. of the City of Edison, New Jersey who in turn will sell the gas to a cogeneration facility in Milford, New Jersey.

d) *Vector Energy Inc.*

Vector proposes to export at Niagara Falls, Ontario some 5 700 million cubic metres (200 billion cubic feet) of gas over a 15-year period commencing 1 November 1990 to Altresco Inc. of Denver, Colorado for a proposed cogeneration facility in Pittsfield, Massachusetts.

In June, the Board had denied an application by Vector for exports to Altresco. The Board was concerned

with Vector's gas supply and contracts and that the export would not recover the costs incurred in Canada.

On 25 July, Vector requested the Board to review its decision. In support of its application for review, Vector filed a revised application.

On 3 August, the Board denied Vector's application for review and decided to treat the revised application as a new application for a gas export licence.

Hearing in Progress

1. *TransCanada PipeLines Limited - 1990 Tolls - RH-3-89*

In an application dated 26 July, as amended, TransCanada applied for new tolls effective 1 January 1990.

The hearing began on 27 November in Ottawa.

At the hearing the Board is examining cost of service, rate base, and rate of return. The hearing does not include an examination of the toll design or tariff matters except for the throughput forecast.

The requested new tolls would increase the average toll for firm transportation by about 10 percent.

TransCanada is requesting an 8.2 percent increase in its total revenue requirement, from \$932 million to \$1.01 billion and a 21 percent increase in its rate base, from \$2.5 to \$3.1 billion.

TransCanada is also requesting an increase in its return on common equity from 13.75 percent to 14.25 percent.

Applications Considered by Written Submissions

1. *Interprovincial Pipe Line Company - Toll Design Study - RHW-1-89*

On 28 June 1988, Interprovincial filed a toll design study in compliance with the Board's Reasons for Decision RH-4-86 dated June 1987. This study addresses a number of toll design issues, including the appropriate level of surcharges for medium and heavy crude oils.

In February 1989, the Board asked Interprovincial and Trans Mountain Pipe Line Company Ltd. to convene a joint meeting of interested parties of both pipelines to discuss the study. Based on comments received from both companies and certain interested parties, the Board decided on 13 June to consider the study only in the context of the Interprovincial system and issued Order RHW-1-89, requesting interested parties to submit their comments by 18 August; reply comments were due on 1 September.

The comments are currently under review.

2. *Gas Supply Information to be Provided by TransCanada PipeLines Limited - GHW-3-89*

Decision dated and issued 3 November; Reasons for Decision expected in December.

On 27 July, the Board decided to hold a hearing by written submission to obtain views of interested parties on the information on gas supply required to be provided by TransCanada in support of its application for facilities required in 1991 and 1992. (Refer to item 1 under *Hearings Scheduled*.)

The decision to hold a hearing was precipitated by an application by Union Gas Limited for an order requiring TransCanada to include certain facilities in its 1991/92 facilities application. TransCanada did not include the facilities required to transport natural gas for Union because Union had not provided TransCanada with a copy of a gas supply agreement for the service requested. C-I-L Inc. also indicated in a letter dated 27 June that facilities to transport its volumes had not been included in TransCanada's application.

On 8 August the Board issued Order GHW-3-89, requesting interested parties to file their submissions by 5 September; reply comments were due 13 September. These dates were subsequently extended to 22 September and 6 October, respectively.

After review of some 50 submissions received, on 3 November, the Board decided to provide flexibility with

respect to the information to be provided in those cases where an incremental volume represents normal growth in a shipper's existing market. In these cases, TransCanada will have to provide evidence on the shipper's existing gas supply arrangements, the shipper's gas supply acquisition process and the status of supply acquisition.

In those cases where incremental volumes do not result from normal growth in a shipper's existing market, TransCanada will have to continue to provide the detailed evidence that is set out in the relevant Schedule to the Board's Rules of Practice and Procedure.

TransCanada will also have to provide evidence that it has assured itself that there is, or will be, adequate overall natural gas supply to ensure that the pipeline will be sufficiently used in the long term.

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are dormant.

Company	Date of Application	Description
Dormant		
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System
4. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to United States (Venture Project)
5. Sulpetro Limited	14 March 1986	Amendment to Licence GL-82 to extend the term and increase authorized exports. It is expected that Esso Resources Canada Limited, which purchased Sulpetro Limited, will assume sponsorship of this application. In April 1988, the Board assigned Licence GL-82 to Esso Resources.
6. Foothills Pipe Lines Ltd. ¹	30 October 1989	Certificate to Construct the Mackenzie Valley Pipeline

¹ In a letter dated 20 November 1989, the Board informed Foothills that it had conducted a preliminary review of its application and that it will defer further consideration of the application until additional information is filed.

The additional information includes the final route; socio-economic, environmental and geotechnical assessment; pipeline design; upstream and downstream connecting facilities; benefit-cost analysis; financing matters and the proposed tariff; and evidence on gas supply and markets.

Foothills had stated that it intended to submit the additional information over the course of the next year.

Other Regulatory Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, and to authorize toll adjustments.

Since the 1 September 1989 edition of the Agenda, the following major matters have been considered by the Board or are still pending.

Reviews

1. *Interprovincial Pipe Line Company - OHW-1-89*

In late 1986, the Board commenced a review of its decision to adopt recommendation 5.9 made by the Board's panel investigating a fatal accident in 1985 on Interprovincial's pipeline near Camrose, Alberta. The recommendation required pipeline companies under the Board's jurisdiction to remove all welds in certain circumstances and to check the soundness of a sample of welds in others.

On 22 July 1988, the Board informed industry that it agreed with a two-phase process of review suggested by industry. The first phase consisted of a program of inspection or sampling with the intent of gathering evidence for the review. The evidence was due to be filed by the companies by 31 December 1988. Submissions were received from five companies: Dome Petroleum Ltd., Interprovincial Pipe Line Company, Petroleum Transmission Company, Trans Mountain Pipe Line Company Ltd., and Trans-Northern Pipelines Inc. The second phase consists of a review of the recommendation in view of the submissions filed. The procedures to be followed in the review are specified in Order OHW-1-89. Interested parties were to provide their comments on the

submissions by 6 October, later extended to 3 November. The parties' comments are currently under review.

At the same time, the Board requested the remaining companies under its jurisdiction and interested parties to the proceeding to provide additional information.

In a related matter, the Board invited industry to submit comments on the eleven other recommendations made in the inquiry panel's report. On 22 January, 14 April and 22 July 1988, and 16 February 1989, the Board made a number of decisions in respect of the recommendations and approved corresponding amendments to the Onshore Pipeline Regulations.

2. *Citizens' Coalition for Clean Water - St. Clair Pipelines Ltd. - Review of Environmental Conditions - GHW-2-89*

Reasons for Decision dated and issued 19 September 1989.

The Board issued a decision in October 1988 approving an application by St. Clair Pipelines Ltd. to construct a pipeline across the St. Clair River approximately 25 kilometres south of Sarnia, Ontario. The method of construction approved was for directional drilling under the river bed.

The Citizens' Coalition for Clean Water filed an application dated 15 March 1989 requesting that the Board review its decision. The Coalition, representing the Town of Wallaceburg and the Walpole Island Indian Reservation, was concerned with the protection of their water supply. Pollution could have been caused by the re-introduction of contaminants into the water from the disturbed riverbed, or from an incident with the use and disposal of the drilling mud.

On 8 June, the Board denied the application by the Citizens' Coalition for Clean Water to review the Board's approval of the St. Clair Pipelines river crossing.

While it was not prepared to review its decision to approve St. Clair Pipelines' proposal, the Board decided, on its own motion, to conduct a review on whether the terms and conditions of the enabling order ensured that the pipeline could be constructed and operated in an environmentally acceptable manner.

From its review, the Board issued additional environmental conditions relating to the testing of the quality of the river water, the handling of drilling mud, and the disposal procedures for those muds. St. Clair Pipelines Ltd. was required to fulfill those conditions during the construction and installation of the pipeline.

The pipeline crossing was successfully completed on 28 October 1989, with no adverse environmental effects being generated.

3. *Westcoast Energy Inc. - 1989 Tolls - Phase I - Promotional Toll*

On 4 August the Board denied a proposal by Westcoast to provide service at a promotional toll to the Vancouver Island Pipeline Project. (Refer also to item 3 under *Recent Hearing Reports and Decisions*)

On 1 September, Pacific Coast Energy Inc. applied for a review of the Board's decision. On 13 September, the British Columbia Ministry of Energy, Mines and Resources also applied for a review and rehearing of the Board's decision.

On 14 October the Board decided to consider both applications together and issued a letter so advising the appli-

cants. The letter also sought comments from the parties to the toll proceeding on whether the Board should conduct a review of its decision. Parties were to submit their comments by 29 September; the applicants' replies were due 6 October.

After considering PCEC's and the B.C. Ministry's applications, the comments of interested parties and the applicants reply comments, the Board decided on 1 November to deny the applications. The Board was not persuaded that the grounds for review cited in the applications raised a doubt as to the correctness of the decision rendered by the Board on 4 October.

4. *Canterra Energy Ltd., Shell Canada Limited, Norcen Energy Resources Limited, Poco Petroleum Ltd. and Western Gas Marketing Limited*

Canterra, Shell, Norcen, Poco and Western Gas applied on 2, 13, 19 and 26 October and 1 November, respectively, to amend the condition in their licences that limits the annual amount of the exports to Midland Cogeneration Venture Limited Partnership to no more than those to Consumers Power Company.

In the Board's decision of 28 June on the proceedings held under GH-8-88 the Board had authorized the companies to export natural gas to Midland and Consumers and had conditioned the licences such that the annual amount of exports to Midland may not exceed those to Consumers. (Refer to item 2 under *Appeals*.)

The applications are currently under review.

5. *The Council of Canadians - Application for Rehearing of Mackenzie Delta Export Applications*

The Council of Canadians applied on 15 November for the Board to rehear the applications by Esso Resources Canada Ltd., Shell Canada Ltd. and

Gulf Canada Resources Ltd. to export natural gas from the Mackenzie Delta.

The Board approved the exports in August and issued its Reasons for Decision in October (Refer to item 2 under *Recent Hearing Reports and Decisions*).

In its application, the Council of Canadians stated that it was applying for a rehearing on the grounds that there is doubt as to the correctness of the decision because several important considerations were overlooked or not taken fully into account, and more particularly that the requirements imposed upon the Board under Section 118 of the NEB Act were not properly tested against the effects of Article 904 of the Free Trade Agreement.

On 22 November the Board sent a letter clarifying that it would treat the application as a request for a review of the GH-10-88 decision and requesting comments from parties to the original hearing on whether the Council has made a case justifying a review. Parties have until 31 January 1990 to comment and the Council has until 28 February 1990 to reply.

Appeals

1. *Cyanamid Canada Pipeline Inc.*

On 6 April 1987, Cyanamid applied for a review of the Board's December 1986 decision that the Board had jurisdiction over a short pipeline to be constructed by Cyanamid from its plant at Welland to the TransCanada pipeline at Black Horse Station, Ontario. In view of a judgment in March 1987 of the Divisional Court of the Supreme Court of Ontario, which had confirmed the exclusive jurisdiction of the Ontario Energy Board over by-pass pipelines in Ontario such as Cyanamid's proposed facilities, Cyanamid also requested that the question of jurisdiction be referred to the Federal Court of Appeal to confirm

federal jurisdiction over its proposed facilities. On 28 May 1987, the Board decided to proceed with the review and to refer the issue of jurisdiction to the Federal Court of Appeal.

On 27 November 1987, the Federal Court of Appeal ruled that the Board did not have jurisdiction over the proposed Cyanamid Canada Pipeline Inc. facility. Cyanamid then filed an application with the Supreme Court of Canada for leave to appeal the Federal Court's decision. The application was heard by the Court on 25 April 1988. In a decision rendered from the bench, the Court granted leave to appeal.

Following the judgment of the Divisional Court on typical by-passes in Ontario, the Lieutenant Governor of Ontario brought a reference to the Ontario Court of Appeal on the matter of provincial jurisdiction over by-pass facilities. The reference was heard in October 1987 and the Court of Appeal rendered its decision in February 1988, affirming that by-pass pipelines similar to that proposed by Cyanamid fell within provincial jurisdiction. Cyanamid had also appealed the decision of the Court of Appeal of Ontario in the Supreme Court of Canada.

On 25 September, Cyanamid filed a Notice of Discontinuance withdrawing its applications.

2. *Midland Cogeneration Venture Limited Partnership*

By application dated 31 July, Midland applied to the Federal Court of Appeal for leave to appeal the Board's decision of 28 June on the proceedings held under GH-8-88. The Board had authorized five Canadian companies to export natural gas to Midland and Consumers Power Company and had conditioned the licences so that the annual exports to Midland not exceed those to Consumers.

In its applications, Midland requested the Court to defer action on the applica-

tion for leave to appeal pending the filing and consideration of applications to the Board for amendments to the licences.

On 21 September the Federal Court of Appeal nonetheless granted Midland leave to appeal.

On 17 November, Midland filed its Notice of Appeal with the court.

Gas Matters

1. *Revised Export Impact Assessment Filing Requirements*

Decision dated 20 November and issued on 24 November; Reasons for Decision to follow.

In its decision of July 1987, *Review of Natural Gas Surplus Determination Procedures*, the Board established a requirement whereby an applicant for a natural gas export licence must file an export impact assessment (EIA). Implementation of the EIA has demonstrated that it is difficult to measure the impacts of small proposed export volumes and that there is uncertainty on the part of applicants about how best to satisfy the EIA requirements.

On 7 September, the Board issued a proposed amendment to the EIA filing requirement and invited parties to comment by 29 September, later extended to 16 October.

After review of the comments received from interested parties the Board decided, on 20 November, that it would retain the EIA as part of its Market Based Procedure for licencing exports. The Board also decided that it will no longer require applications for gas export licences to file an EIA as part of their application. Rather, the Board will periodically produce an EIA using several projections of exports.

The Board's EIA will address the effects which increased exports will have on price, supply and demand in Canada. This analysis will be used in

export licence hearings to determine whether the proposed exports are likely to cause Canadians difficulty in meeting their energy requirements at fair market prices.

Applicants and intervenors would have the option of using the Board's analysis or preparing and submitting their own as a basis for arguing whether the proposed export would result in adjustment difficulties in Canadian energy markets.

In the Board's view this change in the focus of the EIA is a practical improvement that will allow the Board to continue to carry out its statutory duty with regard to surplus in a manner fully compatible with a market-oriented pricing regime.

2. *Workshop on Cost-Benefit Analysis and Export Impact Assessment*

The Board held a workshop in conjunction with the Canadian Energy Research Institute (CERI), at CERI's office in Calgary on 27 November to discuss technical matters related both to benefit-cost analysis and the analysis of the impact of incremental exports on Canadian gas markets (the Export Impact Assessment).

The session on benefit-cost analysis provided for an exchange of ideas on methodological matters including, for example, whether to use forecast or licensed exports, and average rather than project-specific direct production costs in calculating total incremental production costs, and the appropriate treatment of by-product revenues.

Board staff issued a technical paper on benefit-cost methodology early in November. The Board had previously issued a technical paper on the Export Impact Assessment, as Appendix C to its 7 September 1989 call for comment on the proposed amendment to information requirements for the Export Impact Assessment (refer to item 1 above). Invitations to the workshop were issued to a broad cross-section of persons from

industry, government, consultants and academe who have a particular interest and expertise in these areas.

Board and CERI staff conducted the workshop and will subsequently reproduce the papers and proceedings in a published volume.

3. *Amoco Canada Petroleum Company Ltd. - Amendment of a Gas Purchase Contract with Encor Corporation Inc. and Washington Natural Gas Company*

Amoco applied on 21 August for approval of an amending agreement dated 9 July to the gas purchase contract dated 28 November 1988 among Amoco and Encor Energy and Washington Natural Gas.

The Board approved the amending agreement on 5 October.

4. *KannGaz Producers Ltd. - Amendment of a Gas Sales Contract with Tennessee Gas Pipeline Company*

On 7 July KannGaz applied for approval of an amending agreement dated 9 May to the gas sales contract of 1 November 1987 between KannGaz and Tennessee.

The Board approved the amending agreement on 1 September.

5. *Amendments to Existing Gas Export Licences*

Pan-Alberta Gas Ltd., Westcoast Energy Inc. and ProGas Limited applied on 31 August, and 18 and 23 October, respectively, to extend the date specified in a condition in each of Pan-Alberta's Licence GL-95, Westcoast's Licences GL-93 and GL-94, and ProGas' Licences GL-80 and GL-81. The condition in question requires the companies to file, and the Board to approve, the proof of import authorization from the United States before the licences come into force. The condition, which has been extended several times already,

requires that the above proof be filed by 1 November 1989.

In October, the Board approved the applications and extended the date to 1 November 1990.

6. *Pan-Alberta Gas Ltd. - Amendments to the Eastern Leg Gas Sales Contract*

On 6 November Pan-Alberta applied for approval of the twenty-second and twenty-third amending agreements to the Eastern Leg Gas Sales Contract dated 9 March 1978 between Pan-Alberta and Northwest Alaskan Pipeline Company.

The Board approved the amending agreements on 20 November.

7. *Amoco Canada Petroleum Company Ltd. - Amendment to a Gas Purchase Contract*

Amoco, as successor to Dome Petroleum Limited, applied on 13 October for approval of an amending agreement dated 31 August to the Gas Purchase Contract dated 1 November 1987 between Dome and Northern States Power Company.

The Board approved the amending agreement on 30 November.

8. *Westcoast Energy Inc. - Amending Agreements and Gas Sales Agreements*

Westcoast applied on 17 October for approval of five gas sales agreements and 16 amending agreements for interruptible sales to Northeast U.S. customers.

The Board approved the application on 30 November.

Pipeline Matters

1. *Foothills Pipe Lines (Yukon) Ltd. - Compressor Station 393*

Foothills submitted an application on 22 October 1988, requesting authoriza-

tion to build a new compressor station 393 near Val Marie, Saskatchewan.

In compliance with the Northern Pipeline Act (NPA), Foothills submitted an addendum to the system design report to the Agency, seeking the installation of the new compressor station in order to provide system security.

The addendum to the system design report was approved by the Designated Officer on 9 February 1989.

Numerous other submissions were filed by Foothills in order to comply with the provisions of both the NEB Act and the NPA in respect of this project. This culminated with the issuance by the Board and the NPA minister of leave to proceed with construction on 25 August.

The scheduled in-service date for station 393 is 30 April 1990.

2. *TransCanada PipeLines Limited - 1989 Winter Construction*

In a letter dated 13 April, the Board informed TransCanada that it was aware that the company has been experiencing a large number of weld failures during hydrostatic testing of a pipeline loop being constructed in northern Ontario. The letter requested the company to report on the nature and causes of all welds that fail hydrostatic testing and to provide evidence that no deleterious defects remain in the pipeline following hydrostatic testing and final tie-in.

In September TransCanada provided the results of extensive investigation into the nature and cause of the weld failures. TransCanada's submissions raised the possibility that, despite the successful testing of the loops carried out to date, some undetected cracks might remain in the pipeline. On 2 October, the Board requested TransCanada to provide a statement confirming that these sections are in full compliance with CSA standards and the

Onshore Pipeline Regulations together with justifications, or, if the pipeline sections do not meet these requirements, reasons why the Board should grant leave to open in view of the fact that the sections do not meet the minimum requirements.

On 6 October, TransCanada responded to the Board's letter by stating that it believed that these sections of pipeline are in full compliance with CSA Z184 and the Onshore Pipeline Regulations and that the pipeline loops may be safely opened for transmission.

The Board noted in TransCanada's evidence that girth weld defects may remain in the pipeline sections and that the possible nature and behaviour of these defects represent an abnormal or unusual situation. It was the Board's view that since this abnormal or unusual situation exists, additional conditions in the leave to open orders were warranted. The orders prescribe leak detection surveys for the first two years of operation of the sections in question, together with a detailed metallurgical analysis of the cause of all leaks from these pipeline sections during this same period of time.

3. *Westspur Pipe Line Company (1985) Inc./Amoco Canada Resources Limited (formerly Dome Petroleum Limited) - Purchase/Sale of Assets of Westspur*

By application dated 2 February, Westspur applied under section 74 of the Act to sell a 1.7-kilometre section of its oil pipeline in Saskatchewan to Dome (now Amoco). On 13 April, Dome (Amoco) filed a related application to purchase the facilities from Westspur.

The applications are currently under review.

4. *Westcoast Energy Inc. - Pine and Commotion Pipelines*

By application dated 27 April, Westcoast requested approval to build the Pine and Commotion Pipelines to

deliver raw gas produced by Texaco Canada Resources to the Pine River Gas Processing Plant in British Columbia.

The two pipelines would total 18 kilometres in length and are expected to cost \$3.1 million.

The application also requested approval of a monthly surcharge to be levied on Texaco to ensure that Westcoast's cost of service is fully recovered.

On 17 August, the Board approved the application and the proposed surcharge. However, the Board was concerned that there did not appear to be any clearly established criteria to assess the appropriateness of a surcharge or its level. In this regard, the Board wished to establish specific criteria that could be applied to future facility expansions.

The Board invited the recently established Operating Committee to address this matter and to submit, by 1 November, a recommendation for consideration by the Board. After considering the committee's submission, the Board will establish the level of the surcharge, if one is deemed appropriate, pursuant to the policy developed.

Subsequently, after review of the comments from interested parties and Westcoast regarding how this matter should be dealt with, the Board extended the date for the Operating Committee to file its recommendation to 2 January 1990.

5. TransCanada PipeLines Limited - Blackhorse Pipeline Extension

By application dated 20 July, TransCanada applied for approval to construct 20 kilometres of pipeline and associated facilities for service beginning 1 November 1990. The pipeline would extend from TransCanada's Niagara Line to a delivery point near Chippawa, Ontario and is estimated to

cost \$33.3 million dollars. The extension would interconnect with the proposed Empire State Pipeline serving central and western New York State.

The Board informed TransCanada on 2 October that the application will be considered by way of a hearing following elimination of certain deficiencies in the application.

6. Public Awareness of the Pipeline Crossing Regulations, Part I

The Board sent a letter on 26 October to all pipeline companies under its jurisdiction advising them to ensure that excavators, facility owners and pipeline company field operators are aware of the responsibilities under the *National Energy Board Pipeline Crossing Regulations, Part I* and to ensure that people in the field have a copy of the *Regulations*.

Board staff have been conducting random inspections of third-party crossing activities affecting pipelines under the Board's jurisdiction. The inspections have given Board staff the opportunity to discuss the *Regulations* with excavators, facility owners and pipeline company field personnel. In many cases, it had been noted that excavators and facility owners were unaware of their responsibilities under the *Regulations* and were therefore unaware that a breach of pipeline company standards or safe construction practices might constitute non-compliance with the *Regulations*. Such non-compliance automatically imposes on the excavator or facility owner the legal obligation under the *Act* to obtain leave of the Board to proceed with the activity in question. In these circumstances, failure to obtain leave of the Board is a criminal offence.

As the objective of the *Regulations* is to help reduce damage to pipelines and to promote safe construction practices involving third-party activities, it is important that people in the field have a copy of the *Regulations* so that they may be aware of their responsibilities

thereunder. Copies of the *Regulations* are available from the Secretary of the Board.

Traffic and Toll Matters

1. Cochin Pipe Lines Ltd. - Tariffs 52, 53, 54 and 55

Cochin filed Tariffs 52, 53, 54 and 55 on 28 June and subsequently amended them on 12 July. The tariffs provide for an incentive toll (about a 40-percent discount) on shipments of ethane, ethylene and natural gas liquids during the months of April to August of 1989 and subsequent years.

Cochin also requested the Board to waive its requirement that Cochin file a tariff not later than 60 days prior to its effective date.

The Board received letters dated 14 and 24 July from ICG Propane, a division of Inter-City Gas Corporation, requesting the Board not to waive the 60-day tariff filing requirement.

On 27 July, the Board denied the request for a waiver of the 60-day filing requirement and informed Cochin that it was suspending these tariffs pending the disposition of ICG Propane's complaint.

To consider the complaint, the Board requested Cochin to file additional information by 11 August, interested parties to file their comments by 25 August and Cochin to submit its reply comments by 30 August.

On 26 October, The Board decided that it was not persuaded that the concerns expressed by ICG and other interested parties were sufficient cause for the Board to disallow the filing of these tariffs.

The Board approved the proposed incentive tariffs for ethylene, ethane and natural gas liquids effective 26 October 1989.

The Board required Cochin to file new tariff sheets so that they reflect the effective date approved by the Board.

2. Alberta Natural Gas Company Ltd. - Review of Tariff

On 3 August, the Board directed Alberta Natural Gas to review its gas transportation contracts with its shippers with a view to eliminating certain shortcomings, including the elimination of discriminatory tariff provisions and the establishment of clear terms of access in a published uniform tariff. The Board directed the Company to file the uniform tariff by 1 November.

On 31 August, Alberta Natural petitioned the Board to reconsider and withdraw the directives set forth in the Board's letter of 3 August.

The Board decided in October to review its earlier directives. To enable full consideration of all parties' views, the Board decided to solicit industry comments on the merits of the directives set out in the Board's letter of 3 August.

Parties had until 30 October, later extended to 14 November, to comment on the directives and Alberta Natural had until 13 November, later extended to 28 November, to reply to any comments received.

The filings are currently under review.

3. Direct Energy Marketing Limited - Access to TransCanada PipeLines Limited's System

Direct Energy applied on 17 July for an order directing TransCanada to transport natural gas offered by Direct Energy, to provide suitable facilities required to transport the gas and to reinstate Direct Energy's position in TransCanada's firm service queue.

On 27 July, the Board issued an interim order directing TransCanada to reserve for Direct Energy that capacity originally dedicated to Direct Energy until otherwise ordered by the Board.

The Board found Direct Energy's application with respect to the provision of transportation services and suitable facilities to be premature and, accordingly, reserved consideration until the Board renders a decision on Direct Energy's export application. (Refer also to item 4 under *Recent Hearing Reports and Decisions*.)

4. Vector Energy Inc. - Position in TransCanada PipeLines Limited's Queue

Concurrent with its application of 25 July for a review of the Board's decision of 5 July on the proceedings held under GH-8-88, Vector requested the Board to order TransCanada to confirm and maintain Vector's position in the TransCanada queue for service and to provide that relief on an interim basis, pending final disposition of its application.

On 8 August, the Board decided to solicit the comments of interested parties on the matter of reinstating Vector's position in TransCanada's queue. Comments were due 22 August; reply comments were due 29 August.

By letter dated 27 October 1989, Vector advised the Board that the producers supplying the gas to the Vector export project and TransCanada had recently concluded a long-term firm service contract and that consequently Vector was withdrawing its applications.

5. Foothills Pipe Lines Ltd. - Application for Revised Depreciation Rates

On 8 September, Foothills applied to the Board for approval of revised depreciation rates. Foothills requested approval of the following:

- an order approving revised depreciation rates for each of its four operating zones;
- an interim order to be effective 1 September approving the requested depreciation rates; and

- an order requiring the company to make consequential changes to its Gas Transportation Tariff, Phase 1, and the gas transportation tariffs of its subsidiaries and to file these revisions with the Board within 30 days of the Board's final order.

The Board directed that the existing tolls charged under Board Order TG-4-82 be charged on an interim basis effective 14 September, pending a final decision of the Board on the application.

The Board required that Foothills serve a copy of its application on all parties to Foothills' last toll proceeding (RH-3-84) and on all its shippers, firm and interruptible. Parties had until 29 September to comment on the application and Foothills had until 6 October to reply to any comments received. TransCanada PipeLines Limited requested extensions of the above-noted dates. The Board approved the request and directed that TransCanada file its comments by 13 October and that Foothills reply to TransCanada's comments by 20 October.

The comments are currently under review.

6. Trans Mountain Pipe Line Company Ltd. - Application to Amend Board Order No. TO-4-88

On 26 October Trans Mountain filed an application to amend Board Order No. TO-4-88. The requested amendment is to vary the existing toll methodology by rolling the value of refined petroleum receiving lines at Edmonton into the common rate base for toll making purposes.

The Board decided on 10 November to seek comments from interested parties, by 20 November, on the application and that Trans Mountain reply to any comments by 27 November.

The comments are currently under review.

7. *Trans Mountain Pipe Line Company Ltd. - Class 2 Toll Application*

Trans Mountain applied on 30 October to adjust its tolls for the transportation of crude oil, refined and semi-refined products to be effective 1 January 1990

Trans Mountain requested a toll increase of approximately 25 percent.

The application is currently under review.

8. *Interprovincial Pipe Line Company, a division of Interhome Energy Inc. - Class 2 Toll Application*

IPL applied on 30 October to adjust its tolls for the transportation of oil and related products to be effective 1 January 1990.

IPL requested a toll increase of approximately 15 percent.

In a letter dated 17 November, the Independent Petroleum Association of Canada requested that the Board conduct an oral hearing on the application, and that such hearing also include a review of the toll adjustment procedures prescribed by Order TO-4-85.

On 24 November the Board decided to seek comments from interested parties, by 5 December, on IPAC's request and that IPAC reply to any comments by 12 December.

Oil Matters

1. *Esso Petroleum Canada - Export Order*

Under the Part VI Regulations, exports of high-sulphur crude oil to be transported by marine vessels from the west coast of Canada must be authorized by a specific order issued by the Board. The high-sulphur designation refers to crude oil that has a sulphur content greater than 0.9 percent by weight. This requirement was put into effect in December 1985 to monitor air quality

impact from inadvertent odour emissions.

On 20 September, Esso Petroleum Canada Limited applied to export approximately 824 800 cubic metres of high-sulphur crude oil in several tanker/barge shipments off the west coast through the Westridge Terminal of Trans Mountain Pipe Line Company Ltd. from the date of approval to 30 June 1990.

The Board authorized the shipments on 12 October.

The Board also sent a letter to Esso encouraging it to consider implementing, with the aid of Trans Mountain, an on going public notification program, in order that those persons residing in the vicinity of Trans Mountain's Westridge facility can be informed of the shipments.

Electricity Matters

1. *B.C. Hydro - Agreement with the Bonneville Power Administration*

B.C. Hydro applied on 15 September for the approval of an interruptible energy agreement to permit the sale of 220 gigawatt hours of interruptible energy to the Bonneville Power Administration during the months of October and November.

The Board approved the agreement on 28 September.

2. *Cornwall Electric - Application for Export Orders*

Cornwall Electric applied on 6 July for approval to export up to 30 gigawatt hours per annum of interruptible energy to the Niagara Mohawk Power Corporation during the period 1 November 1989 to 31 October 1992, as well as approval to export the same amount of inadvertent unscheduled circulation energy for simultaneous return to Canada over the same period. In addition the Board was asked to

approve a surplus energy purchase agreement dated 1 November between Cornwall Electric and Niagara Mohawk.

The Board approved the application on 28 September.

3. *Canadian Niagara Power - Extension of Existing Export Orders and New Orders*

Canadian Niagara Power applied on 14 July for approval to export up to 250 gigawatt hours per annum of firm energy as a carrier transfer for wheeling through the system of the Niagara Mohawk Power Corporation for the period 1 November 1989 to 31 October 1992 and approval to export up to 200 gigawatt hours per annum of interruptible energy for the same period also to Niagara Mohawk. In addition, Canadian Niagara sought approval of a one-month extension of two existing export orders which were due to expire on 30 September.

The Board approved the application on 28 September.

4. *Hydro-Québec - Amendment to Export Licence EL-168*

Licence EL-168 authorizes Hydro-Québec to export 150 megawatts of power and up to 1 317 gigawatt hours of energy per year to Vermont Department of Public Service.

Hydro-Québec applied on 2 October to amend Licence EL-168 so as to authorize transmission of the power and energy over any of Hydro-Québec's international power lines presently certificated by the Board.

The licence permits the exports to be transmitted only over two specific power lines.

The Board approved the application on 26 October. The amending order to the licence requires Governor in Council approval.

5. *New Brunswick Power - Application for Export Orders*

New Brunswick Power applied on 20 October for approval to export up to 60 megawatts and 43.2 gigawatt hours of firm power and energy to each of Maine Electric Power Company and Central Maine Power Company during the month of November.

The Board approved the application on 27 October.

Natural Gas Market Assessment

In its decision of July 1987, *Review of Natural Gas Surplus Determination Procedures*, the Board indicated it would publish from time to time an assessment of the short-term functioning of the Canadian natural gas market.

The first of these reports, dated October 1988, was published in December 1988. The second, which will contain a review of the Canadian natural gas market and an assessment of the short-term outlook to 1991, is expected to be published in December 1989.

Implementation of New Electricity Export Policy

In September 1988, the Minister of Energy, Mines and Resources announced a new electricity export policy and asked the Board to implement the new policy to the maximum extent consistent with the existing *Act*. The Minister also requested the Board's advice on any immediate changes the Board believed were needed to be made to its existing regulations, rules and procedures in order to give effect to the new policy.

Under the new policy, following amendments to the *Act*, it will be possible for the Board to authorize most electricity exports and international power lines by permit, without the requirement for a public hearing (unless so ordered by the Board) or for Governor in Council approval.

Full implementation of the new policy will require amendments to the *Act* and other regulatory amendments.

The Board has, however, issued a Memorandum of Guidance dated 21 December 1988, advising parties that certain aspects of the policy can be implemented by amendments to the Part VI Regulations, the Rules of Practice and Procedure and the Board's procedures in dealing with export applications. Noting that even these regulatory amendments may take some time to have processed, the Board has taken immediate steps to modify its information requirements and procedures in order to comply with the policy to the maximum extent possible under the current *Act*. (Refer to *Amendments to National Energy Board Act, Amendments to Regulations, and Rules of Practice and Procedure*.)

Electricity Review

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review interprovincial electricity trade. Specifically, the Minister asked the Board to review and report on possible measures that could be taken to

- (i) enhance interprovincial trade,
- (ii) encourage greater cooperation between utilities in systems planning and development, and
- (iii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces.

In March, the Board advised the Minister of the approach it was proposing to take in conducting the review. In May, the Minister agreed with the suggested approach, and the Board is now proceeding to conduct its review.

The Board intends first, with participation by utilities, provincial governments and other interested parties, to

establish the necessary information base. It will examine historical developments, cooperative inter-utility initiatives that are now ongoing, the potential benefits of inter-utility cooperation, economic and technical considerations, and other relevant matters.

Following the assessment of potential benefits, the Board will examine measures that industry and governments could take to encourage interprovincial cooperation in systems planning and development and to provide greater access to available transmission capacity for wheeling purposes.

Early Public Notification of Proposed Applications - Draft Memorandum of Guidance

On 6 September the Board issued for comment, by 20 October, a draft Memorandum of Guidance regarding the early public notification of proposed applications for pipeline construction or expansion, export of electricity, or to export high-sulphur crude oil from the west coast of Canada.

To allow the Board to evaluate any public concern over the environment, the Board decided that it is necessary to ensure full notification to the public of proposed applications having potential environmental and social effects. The intent of the draft Memorandum of Guidance is to provide for public input during the project planning and development stage which may then be incorporated into applications to the Board. It is anticipated that providing early public notification of proposed applications would improve the Board's regulatory process.

The comments received are currently under review.

Amendments to the National Energy Board Act

1. Bill C-23

On 7 June, Bill C-23, an amendment to the National Energy Board Act was tabled in Parliament. The bill includes the incorporation of the new electricity export policy, housekeeping amendments, a reduction in the number of Board Members from 11 to 9, and the provision for the Board to recover the cost of its operations.

2. *Delegation of Powers to Inspection Officers*

The Board approved draft amendments to the Act which would allow the Board to designate certain individuals as inspection officers. The amendments would give these individuals the power to make inspections, require tests and make such orders as are necessary to ensure the safety of the public, protection of property and the environment, and to ensure compliance with the Act, and any regulations, orders, and certificates. These amendments are expected to be included in a subsequent revision of the Act.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. *Onshore Pipeline Regulations*

The Onshore Pipeline Regulations provide for the safe design, construction and operation of onshore oil and gas pipelines. The regulations will be amended to reflect the outcome of Board-industry deliberations on the 12 recommendations included in the Board's report of June 1986 on an accident on Interprovincial's system in February 1985. (See item 1 under *Reviews*.)

2. *Offshore Pipeline Regulations*

On 24 November 1988, the Board issued for comment the second draft of

its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA standard, "CAN/CSA-Z187-M87, Offshore Pipelines", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties had until the end of April to submit comments. A final draft of the regulations was approved by the Board on 12 July. The draft regulations have been submitted to the Department of Justice for examination.

3. *Part VI Regulations*

The Part VI Regulations are being amended to reflect the new electricity export policy. (Refer to *Implementation of New Electricity Export Policy*.)

As well, other revisions are being proposed to reflect the natural gas Market Based Procedure and the changes suggested by the Standing Joint Committee on Regulatory Scrutiny. The latter include the removal of certain provisions respecting export and import reporting requirements, which are now to be included in the Export and Import Reporting Regulations (see below).

The proposed amendments will require examination by the Department of Justice and will need Governor in Council approval.

4. *Export and Import Reporting Regulations*

These proposed regulations would require companies exporting oil, natural gas, or power, or importing natural gas to provide certain information to the Board. The information is similar to that currently required by the Part VI Regulations.

The Board decided to remove the reporting requirements from the Part VI Regulations and make these new

regulations under subsection 129(1) of the Act, on the suggestion of the Standing Joint Committee on Regulatory Scrutiny.

The regulations, which will require Governor in Council approval, will be processed together with the above-noted changes to the Part VI Regulations.

5. *Regulations Pertaining to Crossings Involving International Power Lines*

Following receipt of comments from interested parties on draft International Power Line Crossing Regulations, the Board approved a new draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. International Power Line Crossings, Construction and Abandonment Regulations

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. International Power Line Crossings Regulations

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

The scope of these regulations is being re-examined in view of the new electricity export policy. (See also *Implementation of New Electricity Export Policy*.)

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the Rules of Practice

and Procedure and the schedules which form part of the rules. The Board has asked all parties to use them, although they must still be published in the Canada Gazette before they become binding. It is expected that publication will occur in the next few months.

The revised Rules will reflect the changes in numeration to the *Act* which came into effect in December 1988.

The Schedules to the revised Rules will reflect the revised information requirements for certificates for international power lines described in the new electricity export policy. (Refer to *Implementation of New Electricity Export Policy*.)

Administrative Matters

Cost Recovery Regulations

In response to the government's cost recovery initiatives introduced in 1985 and re-emphasized in the 27 April 1989 Budget, the Board has received Treasury Board approval in principle to proceed with full cost recovery, subject to the passage of amendments to the *Act*, consultation with industry, and the subsequent making of regulations. On 31 July, an information package, outlining the Board's proposed charging mechanism, was issued for comment by 5 September, later extended to 15 September.

Comments are currently under review.

Board Organization

In October, the government announced its intention to appoint Martha Musgrove, Céline Bélanger and Roy Illing as Board Members. The proposed effective dates of the appointments are 1 December 1989 for Martha Musgrove and 1 January 1990 for both, Céline Bélanger and Roy Illing.

Kenneth W. Vollman was re-appointed as temporary Board Member for a three-year term effective 30 September. On the same date he was re-appointed Administrator of the Northern Pipeline Agency for the same period.

John R. Jenkins retired from the Board on 12 November. Mr. Jenkins had been with the Board for 30 years and was one of the original staff at the inception

of the Board in 1959. Prior to his appointment as a Board Member in 1980, Mr. Jenkins was Director General, Planning.

Marie Tobin was appointed Secretary of the Board effective 16 October. Prior to her appointment, Marie was Director, Domestic Gas Division at Energy, Mines and Resources.

Louise Meagher, who served as Secretary for 1 1/2 years, has returned to her previous position as Board Counsel.

Reports and Speeches

1. *Canadian Electricity Regulation*, a presentation by R. Priddle, Chairman, to the 82nd Annual Meeting of the Northwest Electric Light and Power Association on 11 September in Jasper, Alberta.
2. *The National Energy Board Under Free Trade*, a presentation by R.B. Horner, Member, to the 14th World Energy Conference, Forum on U.S. - Canada Energy Trade Under the Free Trade Act on 19 September in Montreal, Quebec.
3. *Opening Statement to the House of Commons Standing Committee on Energy, Mines and Resources*, a presentation by R. Priddle, Chairman, on 26 September in Ottawa.
4. *Canadian/U.S. Gas Trade From the Perspective of the National*

Energy Board, a presentation by S. Fraser, General Counsel, to the Women's Gas Conference on 10 October in Houston, Texas.

5. *The outlook for Canadian Natural Gas Exports*, a presentation by A. Boyd Gilmour, Member, to the American Gas Association, Washington Representatives Subcommittee, Fourth Annual Issues Conference on 13 October in Rancho Mirage, California.
6. *The National Energy Board: Mandate and Procedures*, a presentation by S. Fraser, General Counsel, to the Energy Law Seminar on 24 October in Ottawa.
7. *The Land Agent and Pipeline Safety*, a presentation by R.C. Seaman, Chief, Pipeline Crossing Division, to the International Right of Way Association, Western Canadian Educational Seminar on 28 October in Winnipeg.
8. *A Regulator's Perspective on Gas Markets and Marketing in the 1990s*, a presentation by R. Priddle, Chairman, to the 1989 Canadian Gas Association Conference on 12 November in Toronto.
9. *Principal Regulatory Trends in the 1990s*, a presentation by J.-G. Fredette, Vice Chairman, to the Association of Pipeline Longitude 75° on 15 November in Montreal.

10. *Introductory Remarks for the Regulators' Panel*, a presentation by D.B. Smith, Member, to the INFO-TECH's Fifth Annual Canadian Natural Gas Marketing Conference on 21 November in Calgary.

11. *National Energy Board, an Introduction*, 1989 issued in November.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB

OTT) 053-3791; Telecopier (613) 990-7900).

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added thereto, please write to the Secretary of

the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L4: Oil and Gas matters
- L5: Electrical matters
- L6: Annual Reports only
- L7: Press Releases only
- L8: Regulatory Agendas only

Lists 2 and 3, which covered oil and gas matters separately, have been amalgamated into List 4.

National Energy Board



Marie Tobin
Secretary

For copies of documents contact:

Regulatory Support Office (613) 998-7204

For information contact:

Denis Tremblay Information Services
(613) 990-1850

Appendix I

Instructions For Filings With The National Energy Board

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing		No. of Copies
(a) Hearing Matters		
(i)	Certificates	
	- Pipeline	35
	- Power line	30
(ii)	Export licences	
	- Natural gas	35
	- Electricity	30
(iii)	Tolls	35
(iv)	Land Acquisitions	10
(b) Non-Hearing Matters		
(i)	<i>Natural Gas</i>	
	Export Orders	20
	Orders for Transmission Access	20
	Licence Amendments	20
	Amends to Export Contracts	20
	Licence Revocations	20
(ii)	<i>Electricity Exports</i>	
	Orders	15
	Licence Amendments	15
	Licence Revocations	15
(iii)	<i>Oil Exports</i>	
	Registered Oil Export Orders	10
(iv)	<i>Tolls</i>	
	Class I and II Adjustments	20
	Interim Orders	20
	Operating and Maintenance Budgets	20
	Changes in Depreciation Rates	20
	Quarterly Surveillance Reports	20
	New or Changed Tariffs	20
	Domestic Gas Sales Contracts and	
	Amendments	20
	Amendments to Tariff Orders	20

Type of Application or Filing	No. of Copies
(v) <i>Pipelines and Power Lines</i> Exemption Orders Power Lines Exemption Orders Pipelines (Sec. 58) Certificate Amendments Certificate Revocations	15 20 20 20
Leaves to Sell or Transfer Incident Reports	20 20
(vi) <i>Other</i> Applications for Review	20

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5. (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900)

Appendix II

NATIONAL ENERGY BOARD Selected List of Telephone Numbers

BOARD MEMBERS

Chairman	R. Priddle	990-3454
Vice-Chairman	J.-G. Fredette	990-3462
Assoc. Vice-Chairman	A.D. Hunt	990-3466
Member	R.B. Horner, Q.C.	990-3459
Member	W.G. Stewart	990-3470
Member	A.B. Gilmour	990-3312
Member	A. Côté-Verhaaf	990-3264
Member	M. Musgrove	990-3466
Member	R. Illing	990-3460
Member	C. Bélanger	999-9528
Temporary Member	D.B. Smith	(403)292-6694
Temporary Member	K.W. Vollman	990-3465

EXECUTIVE DIRECTOR

Executive Director	R. Glass	998-7190
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Finance and Administration Branch

Director	W.R. Ganim	990-6523
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Personnel Branch

Director	J. Thompson	993-4823
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Planning and Review Branch

Director	C. Scott	990-6845
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Information Technology Branch

Director	D. Emmens	998-7974
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Office of the Secretary

Secretary	M. Tobin	990-3167
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A/Asst. Secretary Regulatory	B. Jolicoeur	990-3447
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A/Asst. Secretary Communications	A. Sicotte	998-7193
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A/Chief, Information Services	U. Perovic	990-3166
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Manager, Library	N. Park	990-6221
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Board Distribution Centre (Room 1064)		998-7204
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General Information		998-7204
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ENERGY REGULATION DIRECTORATE

Director General, Energy Regulation	P.L. Miles	998-7929
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Economics Branch

Director	M. Segal	998-9378
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Manager, & Asst. Director, Economic Analysis Group	R. Jackson, Jr.	998-7213
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Manager, Forecasting and Energy Market Analysis	E. Ruddick	998-7936
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Electric Power Branch

Director	A.N. Karas	990-0329
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Chief, Special Project Advisor and Power Generation Planning	C. Marriott	990-0335
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Chief, Regulatory	G. Izsak	990-0334
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Energy Supply Branch

Director	D.R. Collyer	998-7952
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Chief & Asst. Director, Crude Oil Supply	G.C. Hos	998-7921
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Chief, Special Projects	B. Bowers	998-7922
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Chief, Natural Gas Supply	P.R. Bourgeois	998-7925
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Chief, Geology and Resources	C.H. Gemeroy	(403)292-5400
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Gas and Oil Branch

Director	R.M. White	990-6235
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Gas:

Chief, Gas Policy Applications	D.M. Dubuc	993-6433
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Chief, Gas Transportation	H.H. Pols	993-7656
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Chief, Gas Regulatory Surveillance	R. Choy	993-7653
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Oil:

Chief & Asst. Director, Petroleum Products	B.A. Wells	990-6238
A/Chief, Crude Oil	J.A. Datto	990-6244
Chief, International Oil Analysis	C.P. Brown	990-6242
Chief, Operating Data and Oil Forecasting	N.X. Monteiro	990-6241

PIPELINE REGULATION DIRECTORATE

Director General, Pipeline Regulation	J.S. Klenavic	990-3314
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Environment Branch

Director	P.A. Carr	998-7179
Asst. Director, Environment	J.A. Hodges	998-7181
Chief, Pipeline Crossings	R.C. Seaman	998-7153

Financial Regulation Branch

Director	H. Pau	990-3188
Asst. Director, Operations	G.S. Johnson	990-3191
Chief, (TransCanada, TQM)	C.M. Sharp	990-3203
Chief, (Westcoast, Trans Mountain)	J.J. Dolan	990-3204
Chief, (Interprovincial, IPL (NW), Foothills)	G. O'Brien	990-3205
Chief, (Trans-Northern, Alberta Natural Gas, Cochin, Group 2 Pipelines)	J.C. Bruce	990-3213
Advisor, Toll Design, Capital and Labour Costs	J.R. Klotz	990-3158

Advisor, Accounting, Auditing and Taxation	Aideen Brown	990-3206
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Pipeline Engineering Branch

Director	E.L.M. Gordon	998-7160
Asst. Director	G. Caron	998-7131
Chief, Gas Pipelines West	S. Richardson	998-7134
Chief, Gas Pipelines East	B. McEwen	990-3185
Chief, Oil Pipelines	Z. Lewycky	998-7117
Chief, Group 2 Pipelines	F. Jeglic	998-7133
Chief, Safety	L. Gales	998-7118
Technical Advisor	J. Abes	998-7115
Chief, Field Inspection	D. Watson	998-7125

Law Branch

General Counsel	S.K. Fraser	990-6224
Assistant General Counsel	J. Morel	990-6223
Counsel	D. Bursey	990-6227
Counsel	M. Fowke	990-6229
Counsel	R. Graw	990-6232
Counsel	L. Meagher	990-6232
Counsel	A. Vockeroth	990-3488
Counsel	S. Courtemanche- Scott	990-6228

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the licensing of oil, natural gas, and electricity exports, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by the Minister of Labour to administer Part IV of the *Canada Labour Code*.

Head Office:

National Energy Board
473 Albert Street
Ottawa, Ontario
K1A 0E5

(613) 998-7204

Calgary Office:

National Energy Board
4500 - 16th Avenue N.W.
Calgary, Alberta
T3B 0M6

(403) 292-6700

CA1
MT76
R21

Regulatory Agenda

Issue No. 32

CA1

1 March 1990

Applications Considered by Hearing

Recent Hearing Reports and Decisions

Since the 1 December 1989 edition of the Agenda, the following reports and decisions have been published by the Board following public hearings:

1. *Westcoast Energy Inc. - 1990 Tolls, Phase II - RH-2-89*

Decision dated and issued on 19 December 1989; Reasons for Decision expected to be issued in mid-March. The Board issued its decision without the attendant reasons to avoid having to set interim tolls effective 1 January 1990.

The hearing was held in Vancouver from 11 to 24 October 1989 and final argument was heard in Ottawa on 31 October and 1 November 1989.

At the hearing, the Board considered Westcoast's rate base, cost of service, and rate of return for the 1990 test year.

In its Decision, the Board directed Westcoast to revise its rate base and cost of service to reflect the Board's decisions and to determine its tolls and tariffs for the 1990 test year accordingly. Westcoast was also directed to submit its new tolls and tariffs by 15 January 1990.

As part of its decision, the Board

approved a rate of return on equity of 13.25 percent on a common equity component of 35 percent. This rate is 50 basis points less than the previously approved rate of 13.75 percent.

On 12 January 1990, Westcoast submitted new tolls and toll schedules, effective 1 January 1990.

On 15 February, the Board advised Westcoast that the new tolls and schedules reflect the Board's decisions on the Phase II application.

2. *TransCanada PipeLines Limited - 1990 Tolls - RH-3-89*

Decision dated 17 January 1990, issued on 5 February 1990; Reasons for Decision expected to be issued in April

1990. The Board issued its decision without the attendant reasons in order to enable TransCanada to bill the new tolls for service provided in January 1990.

The hearing was held in Ottawa from 27 November to 14 December 1989, for a total of 11 days.

At the hearing, the Board examined cost of service, rate base, and rate of return. The hearing did not include an examination of toll design or tariff matters except for the throughput forecast.

The new tolls approved by the Board for firm service are 1.4 percent higher than the average 1989 tolls. TransCanada had applied for an increase of 3.6 percent.

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National Energy Board



Canada

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7.

A profile of the National Energy Board appears on the last page of this agenda.

The Board approved a revenue requirement for 1990 of \$934 million compared with TransCanada's forecast requirement of \$955 million.

The Board also approved a rate of return on common equity of 13.25 percent on a common equity component of 30 percent compared with a requested rate of 14.25 percent. The rate previously in effect was 13.75 percent.

3. Combined Hearing on TransCanada PipeLines Limited 1990/91 Facilities and Associated Gas Export Licences - GH-1-89

Reasons for Decision on export applications and facilities application dated December 1989, issued 21 December 1989 and January 1990, respectively.

The hearing was held in Calgary and Ottawa from 12 April to 13 June for a total of 35 days.

The Board authorized most of the requested expansion of the TransCanada system, comprising 407 kilometres of pipeline, four meter stations and five compressor units.

The expansion will allow TransCanada to increase natural gas deliveries to its domestic market in eastern Canada and to the export market in the United States, beginning 1 November 1990.

The 407 kilometres includes a 36-kilometre Napierville Extension in Quebec and 371 kilometres of parallel pipeline across TransCanada's system, mostly in Saskatchewan and Manitoba. The Board denied 35 kilometres of parallel pipeline proposed for TransCanada's Western Section to provide loss-of-unit protection and the relocation of a compressor unit on the Kirkwall Line.

The Board also denied 25.5 kilometres of new pipeline from Gananoque, Ontario to the United States border near Wolfe Island to serve new exports

The Board approved the following export applications:

Shipper/Importer	Billion Cubic Metres	Term Quantity	Billion Cubic Feet
Sprague, Manitoba:			
ICG Utilities (Ontario) Ltd/ Export for re-import at Rainy River, Ontario	3.1		111
Niagara Falls, Ontario:			
Amoco Canada Petroleum Limited/ Consolidated Edison Company of New York	4.8		170
ProGas Limited/Texas Eastern Transmission Company/Northeast Energy/ North Jersey Energy		No increase in term quantity ¹	
Cornwall, Ontario:			
Western Gas Marketing Limited/ Megan-Racine Associates, Inc.	1.8		64
The Board denied the following applications ² :			
Philipsburg, Quebec:			
Direct Energy Marketing Limited/ Consolidated Fuels Co.	.9		33
Niagara Falls, Ontario			
Shell Canada Resources Ltd./ Cogen Energy Technology Inc.	2.7		97
Indeck Gas Supply Corporation/ Indeck Energy Services of Oswego Inc. and Indeck-Yerkes Energy Services Inc.	3.5		56
Gananoque, Ontario:			
Western Gas Marketing Limited, as agent for TransCanada PipeLines Limited/Niagara Mohawk Power Corporation	7.9		279

1. ProGas had requested that two existing licences be amended with no increase in term volume.

2. Refer also to item 2 under *Appeals*.

to Niagara Mohawk Power Corporation.

TransCanada's application was heard together with seven applications for natural gas export licences from shippers who would use the expanded system, and one application for export and re-import.

Hearing in Progress

1. *Hydro-Québec - Two Applications for Electricity Exports - EH-3-89*

On 28 July 1989, Hydro-Québec filed two applications for licences to export firm power and energy to New York Power Authority and Vermont Joint Owners.

- **New York Power Authority -** Hydro-Québec requested approval to export two blocks of firm power and energy each for a period of 20 years.

The first block would allow for the export of 500 megawatts of power between 1 May 1995 and 30 April 2015. This request includes the delivery of a maximum export of 66 terawatt hours of firm energy. The second block would allow for the export of the same quantities of power and energy during the period 1 May 1996 to 30 April 2016.

- **Vermont Joint Owners -** Hydro-Québec requested approval to export seven blocks of firm power and energy, varying in size from 19 to 200 megawatts and varying in duration from 5 to 22 years.

Together the blocks total 450 megawatts of firm power and a maximum of 62 terawatt hours of associated energy during the period 1 May 1990 to 31 October 2020.

The Board is considering the two applications at a hearing in Montreal which commenced on 19 February 1990.

Hearings Scheduled

The following hearings are scheduled to commence on the dates indicated.

1. *Combined Hearing on TransCanada PipeLines Limited 1991/92 Facilities and Associated Gas Export Licences - GH-5-89*

The Board announced that it would hear, commencing 5 March 1990, later rescheduled to 26 March, an application

dated 29 June 1989, as amended on 15 December 1989, by TransCanada for approval to expand its pipeline system by 1 November 1991 and 1992, to serve expanding domestic and export markets. At the hearing the Board will also consider 15 gas export applications in support of the facilities requested and five applications for orders requiring TransCanada to transport natural gas and to provide adequate facilities to transport the gas.

The export applications to be considered at the hearing are as follows:

Applicants	Term Quantity	
	Billion Cubic Metres	Billion Cubic Feet
Emerson, Manitoba:		
Kamine South Glens Falls Cogen Co., Inc./ Beta South Glens Falls Inc.	2.1	74
Niagara Falls, Ontario:		
Canadian Occidental Petroleum Ltd.	2.4	84
Enserch Development Corporation, on behalf of Encogen Four Partners Limited	2.4	84
Western Gas Marketing Limited	1.6	55
Indeck Gas Supply Corporation, by its Agent Northstar Energy Corporation (Corinth)	2.5	87
Indeck Gas Supply Corporation, by its Agent Northstar Energy Corporation (Ilion)	0.8	30
FSC Resources Limited	2.5	87
Iroquois, Ontario:		
Pawtucket Power Associates Limited Partnership	2.6	93
JMC Selkirk, Inc.	3.7	130
ProGas Limited(1)	4.8	170
Esso Resources Canada Limited	5.4	192
New England Power Company	9.3	329
Chippawa, Ontario:		
Kamine Carthage Cogen Co. Inc./ Beta Carthage Inc.	2.1	74
Fulton Cogeneration Associates	1.6	55
Unigas Corporation	1.7	59

1 Progas has requested an amendment to an existing licence with no change in the term quantity.

The facilities application, as revised, includes the construction of 1 592 kilometres of pipeline, the installation of 21 new compressor units and two new compressor stations. The 1 592 kilometres includes one section of new pipeline, 4.5 kilometres long, at Iroquois, Ontario. The remaining portion consists of parallel pipeline along TransCanada's system in Saskatchewan, Manitoba and Ontario.

The facilities are estimated to cost \$2.6 billion.

The Board will also consider during the hearing five applications requesting orders requiring TransCanada to receive, transport and deliver natural gas offered by the applicants and to provide adequate and suitable facilities to do so.

The applications are as follows:

Applicant	Application Date
The Consumers' Gas Company Ltd.	15 January 1990
FSC Resources Limited	1 December 1989
Indeck Gas Supply Corporation	21 December 1989
Union Gas Limited	15 January 1990
Rochester Gas and Electric Corporation (for Unigas Corporation)	15 January 1990

At the hearing, the Board will also consider certain toll-related issues including the appropriate toll treatment of construction cost overruns, cost of facilities which may turn out to be underutilized, and, as a result of the February Federal Court decision, alternatives to rolled-in toll treatment of the proposed facilities. (Refer also to item 2 under *Appeals*.)

The Board will also conduct an environmental screening in accordance with the *Environment Assessment and Review Process Guidelines Order* to determine whether, and the extent to

which, there may be any potential adverse environmental effects arising from these applications. (Refer also to *Environmental Assessment and Review Process* - Page 18.)

The Board held a pre-hearing conference on 21 November in Ottawa to discuss the most effective manner in which to consider TransCanada's application and the associated export applications. The purpose of the conference was to discuss scheduling, definition of issues, and information requirements. The Board rendered its decision on the matters raised at the conference on 1 December.

2. Various Applications for Gas Export Licences GH-6-89

By Order GH-6-89, dated 15 November 1989, the Board decided to consider at the same hearing four applications for gas export licences beginning 30 January 1990 in Calgary. Later the Board decided to postpone the commencement date of the hearing to 19 March 1990 so that it could complete its review of the aspects of the Market-Based Procedure before considering those applications. (Refer to item 3 under *Matters Considered by Written Submissions*.)

On 7 December 1989, the Board decided to include in the hearing an application from Esso Resources Canada Limited for an order amending its export Licence GL-82.

The Board also decided in early January to include in the hearing an application by Western Gas Marketing Limited for a licence to export gas to Southeastern Michigan Gas Company.

The following applications will be heard at the hearing:

a) CanStates Gas Marketing and Transco Energy Marketing Company

CanStates and Temco, as joint applicants, propose to export some 7 096

million cubic metres (251 billion cubic feet) of gas at Niagara Falls, Ontario over a 15-year period commencing 1 November 1990 to a cogeneration facility in Hopewell, Virginia.

b) Esso Resources Canada Limited

Esso applied to amend its existing Licence GL-82, which expires on 31 October 1991. The proposed amendment would allow, commencing 1 November 1990 and ending 31 October 2002, the export of 2 125 000 cubic metres (75 million cubic feet) per day resulting in an increase to the term quantity of 9.1 billion cubic metres (323.1 billion cubic feet).

As authorized in the existing licence, the gas will be sold to Transco Energy Marketing Company, for resale to three local distribution companies in the northeastern United States.

c) FSC Resources Limited

FSC proposes to export some 8 377 million cubic metres (296 billion cubic feet) of gas at Napierville, Quebec over a 15-year period commencing 1 November 1990 to three cogeneration facilities to be constructed near Plattsburgh, New York.

d) Ramarro Resources Ltd.

Ramarro proposes to export some 935 million cubic metres (33 billion cubic feet) of gas at Niagara Falls, Ontario over a 15-year period commencing 1 November 1990 to Energy Marketing Exchange Inc. of Edison, New Jersey who in turn will sell the gas to a cogeneration facility in Milford, New Jersey.

e) Vector Energy Inc.

Vector proposes to export some 5 835 million cubic metres (206 billion cubic feet) of gas at Niagara Falls, Ontario over a 15-year period commencing 1 November 1990 to Altresco Inc. of Denver, Colorado to supply a proposed

cogeneration facility in Pittsfield, Massachusetts.

In June 1989, the Board denied an application by Vector for exports to Altresco. The Board was concerned with Vector's gas supply and contractual arrangements and that the export would not recover the costs incurred in Canada.

On 25 July, Vector requested the Board to review its decision. In support of its application for review, Vector filed a revised application.

On 3 August, the Board denied Vector's application for review and decided to treat the revised application as a new application for a gas export licence.

f) Western Gas Marketing Limited

Western Gas proposes to export some 2 332 million cubic metres (83 billion cubic feet) of gas at Emerson, Manitoba over a 15-year period, commencing upon first deliveries, to Southeastern Michigan Gas Company to be used as system gas in the State of Michigan.

Matters Considered by Written Submissions

1. *Interprovincial Pipe Line Company, a division of Interhome Energy Inc. - Toll Design Study - RHW-1-89*

Reasons for Decision dated November 1989, issued on 4 January 1990.

On 28 June 1988, Interprovincial filed a study on the design of its tolls in compliance with the Board's Reasons for Decision RH-4-86 dated June 1987.

The Reasons for Decision provided decisions on a number of toll design issues, including the appropriate methodology to be used to determine the level of surcharges for medium and heavy crude oil, refined petroleum products and natural gas liquids.

2. *Gas Supply Information to be Provided by TransCanada PipeLines Limited - GHW-3-89*

Decision dated and issued 3 November 1989; Reasons for Decision dated January 1990, issued 1 March 1990.

On 27 July 1989, the Board decided to hold a hearing by written submission to obtain views of interested parties on the information on gas supply required to be provided by TransCanada in sup-

port of its application for facilities required in 1991 and 1992. (Refer to item 1 under *Hearings Scheduled*.)

In its decision, the Board decided to permit flexibility with respect to the information to be provided in those cases where an incremental volume represents normal growth in a shipper's existing market. In these cases, TransCanada will have to provide evidence on the shipper's existing gas supply arrangements, the shipper's gas supply acquisition process and the status of supply acquisition for these incremental volumes.

In those cases where incremental volumes do not result from normal growth in a shipper's existing market, TransCanada will have to continue to provide the detailed evidence that is set out in the relevant Schedule to the Board's Rules of Practice and Procedure.

TransCanada will also have to provide evidence that it has assured itself that there is, or will be, adequate overall natural gas supply to ensure that the pipeline will be sufficiently used in the long term.

3. *Review of Aspects of the Market-Based Procedure - GHW-4-89*

On 18 December 1989, the Board decided on its own motion to review the role that benefit-cost analysis should play in the Market-Based Procedure employed by the Board in considering applications to export natural gas.

The Board took that decision in light of concerns expressed by interested parties in respect of recent hearings to consider export applications and at a November workshop held by Board staff to discuss benefit-cost analysis. (Refer to item 2 under *Gas Matters*.)

The Board also decided to seek parties' views on the extent to which it should, as part of the Market-Based Procedure, examine the provisions of export contracts to determine whether those contracts allow flexibility in order to reflect changing market conditions over time.

A decision on this matter is expected in March 1990.

4. Environmental Screening of Gas Exports to the United States Northeast (GH-1-89) - GHW-1-90

(Refer to *Environmental Assessment and Review Process - Natural Gas Exports - Page 18*.) The Board will conduct an environmental screening or initial assessment to determine whether, and the extent to which, there may be any potential environmental effects from the proposed exports, which the Board approved in November 1989, by Amoco Canada Petroleum Company Ltd. and Consolidated Edison Company of New York Inc., ICG Utilities (Ontario) Ltd., ProGas Limited and Western Gas Marketing Limited to the northeastern United States. (Refer to item 3 under *Recent Hearing Reports and Decisions*.)

The Board advised parties that they should note that the Board's decision to conduct an environmental screening of the export proposals does not constitute a decision by the Board to review its decision to issue an export licence to Amoco/ConEd, ICG Ontario, ProGas and WGML. If, as a result of the environmental screening, the Board determines that the proposed exports may result in environmental effects which are significant or unknown, it may decide that such a review is warranted.

The exporters were given until 20 March 1990 to file written submissions, interested parties until 3 April 1990 to comment on the exporters' submission,s or file a written submission and the exporters were given until 17 April 1990 to comment on interested parties' filings.

5. Environmental Screening of Gas Exports from the Mackenzie Delta (GH-10-88) - GHW-2-90

(Refer to *Environmental Assessment and Review Process - Natural Gas Exports - Page 18*.) The Board will conduct an environmental screening or initial assessment to determine whether, and the extent to which, there may be any potential environmental effects from the proposed exports, which the Board approved in August 1989, from the Mackenzie Delta by Esso Resources Canada Limited, Gulf Canada Resources Limited and Shell Canada Limited.

The Board advised parties that they should note that the Board's decision to conduct an environmental screening of the export proposals does not constitute a decision by the Board to review its decision to issue export licences to Esso, Gulf and Shell. If, as a result of the environmental screening, the Board determines that the proposed exports may result in potentially adverse environmental effects which are significant

or unknown, it may decide that such a review is warranted.

Esso, Gulf and Shell are required to file written submissions with the Board. Interested parties have 30 days after Esso, Gulf and Shell have filed their written submissions to comment on those submissions or file a written submission. Esso, Gulf and Shell will then have 15 days to file any reply they may have on the submissions of interested parties.

6. Environmental Screening of Gas Exports (GH-6-89) - GHW-3-90

(Refer to *Environmental Assessment and Review Process - Natural Gas Exports - Page 18*) The Board will conduct an environmental screening or initial assessment to determine whether, and the extent to which, there may be any potential environmental effects of the six export proposals in GH-6-89. (Refer also to item 2 under *Hearings Scheduled*). This environmental screening will be conducted separately from the GH-6-89 public hearing.

The exporters were given until 22 March 1990 to file submissions, interested parties until 12 April 1990 to comment on the exporters' submissions or file a written submission, and the exporters were given until 26 April 1990 to comment on interested parties' filings.

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either dormant or still under review.

Company	Date of Application	Description
Dormant		
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System
4. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to the United States (Venture Project)
5. Foothills Pipe ¹ Lines Ltd.	30 October 1989	Certificate to construct the Mackenzie Valley Pipeline
Under Review		
6. Mobil Oil Canada, Ltd.	20 December 1989	Export of natural gas to the United States
7. Rochester Gas and Electric Corporation	24 November 1989	Import and export of natural gas
8. The New Brunswick Electric Power Commission	16 February 1990	Export of electricity

¹ In a letter dated 20 November 1989, the Board informed Foothills that it had conducted a preliminary review of its application and that it will defer further consideration of the application until additional information is filed.

The additional information includes the final route; socio-economic, environmental and geotechnical assessment; pipeline design; upstream and downstream connecting facilities; benefit-cost analysis; financing matters and the proposed tariff; and evidence on gas supply and markets.

Foothills stated that it intended to submit the additional information over the course of 1990.

Other Regulatory Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, and to authorize toll adjustments.

Since the 1 December 1989 edition of the Agenda, the following major matters have been considered by the Board or are still pending.

Reviews

1. *Interprovincial Pipe Line Company, a division of Interhome Energy Inc. - OHW-1-89*

In late 1986, the Board commenced a review of its decision to adopt recommendation 5.9 made by the Board's panel investigating a fatal accident in 1985 on Interprovincial's pipeline near Camrose, Alberta. The recommendation required pipeline companies under the Board's jurisdiction to remove certain welds and to check the soundness of a sample of other welds.

On 22 July 1988, the Board informed industry that it agreed with a two-phase process of review suggested by industry. The first phase consisted of a program of inspection or sampling with the intent of gathering evidence for the review. The evidence was due to be filed by the companies by 31 December 1988. Submissions were received from five companies: Dome Petroleum Ltd. (now "Amoco Canada Resources Limited"), Interprovincial Pipe Line Company, Petroleum Transmission Company, Trans Mountain Pipe Line Company Ltd., and Trans-Northern Pipelines Inc. The second phase consists of a review of the recommendation in view of the submissions filed. The procedures to be followed in the review are specified

in Order OHW-1-89. Interested parties were to provide their comments on the submissions by 6 October, later extended to 3 November. The parties' comments are currently under review.

At the same time, the Board requested the remaining companies under its jurisdiction and interested parties to the proceeding to provide additional information.

In a related matter, the Board invited industry to submit comments on the eleven other recommendations made in the inquiry panel's report. On 22 January, 14 April, 22 July 1988, and 16 February 1989, the Board made a number of decisions in respect of the recommendations and approved corresponding amendments to the Onshore Pipeline Regulations.

2. *Canterra Energy Ltd., Shell Canada Limited, Norcen Energy Resources Limited, Poco Petroleum Ltd. and Western Gas Marketing Limited (GH-8-88)*

Canterra, Shell, Norcen, Poco and Western Gas applied on 2, 13, 19 and 26 October and 1 November 1989 respectively, to amend the condition in their licences that limits the annual volume of exports to Midland Cogeneration Venture Limited Partnership to no more than those to Consumers Power Company.

In the Board's decision of 28 June 1989 on the proceedings held under GH-8-88, the Board had authorized the companies to export natural gas to Midland and Consumers and had conditioned the licences such that the annual volume of exports to Midland may not exceed those to Consumers. (Refer also to item 1 under *Appeals*.)

All the applicants requested a change to the annual matching condition con-

tained in their export licences. Canterra, Norcen, Poco and Shell requested a change such that, if, after a period of ten years from the date of commencement, the volume of gas exported to Midland is greater than that exported to Consumers, the Board may impose reasonable and necessary terms and conditions in order to bring Midland's total sales back into line with those of Consumers. Western Gas Marketing requested a similar change but with a review period after eight years.

The applicants argued that the annual matching condition would create substantial operational, financial and regulatory difficulties for Midland. The Board was persuaded by the arguments and decided, on 22 January, to recommend to the Governor in Council that the licences be amended to provide the exporters with greater flexibility.

The decision to amend the licences remains in conformity with the intent of the Board's original decision.

3. *The Council of Canadians - Application for Re-hearing of Mackenzie Delta Gas Export Applications (GH-10-88)*

The Council of Canadians applied on 15 November 1989 for a re-hearing of the applications by Esso Resources Canada Limited, Gulf Canada Resources Limited and Shell Canada Limited to export natural gas from the Mackenzie Delta.

The Board approved the exports in August 1989 and issued its Reasons for Decision in October 1989.

In its application, the Council of Canadians stated that it was applying for a re-hearing on the grounds that there is doubt as to the correctness of the decision because several important

considerations were overlooked or not taken fully into account, and more particularly that the requirements imposed upon the Board under Section 118 of the *NEB Act* were not properly tested against the effects of Article 904 of the *Free Trade Agreement*.

On 22 November the Board sent a letter clarifying that it would treat the application as a request for a review of the GH-10-88 decision and requested comments from parties to the original hearing on whether the Council had made a case justifying a review. Parties had until 31 January to comment and the Council had until 28 February to reply.

The comments and the reply are currently under review.

4. *Dene-Metis Negotiations Secretariat - Mackenzie Delta Gas Exports (GH-10-88)*

On 22 January 1990, the Secretariat filed an application dated 8 January 1990 for a review of the Board's decision of October 1989 granting licences to three companies, Esso Resources Canada Limited, Gulf Canada Resources Limited and Shell Canada Limited, to export Mackenzie Delta natural gas to the United States. The Secretariat requested that the Board review the question of whether conditions which protect the legitimate interests of Northerners should be attached to the gas export licences.

The Secretariat is seeking to have conditions included in the licences with regard to training programs and employment for Northerners.

On 15 February, the Board sent a letter to the Secretariat advising it that the Board was inviting interested parties to the original hearing to comment on whether the Secretariat had made a case justifying a review. Parties have until 19 March to comment and the Secretariat has until 6 April to reply to any comments received.

5. *Independent Petroleum Association of Canada - Westcoast Energy Inc. 1990 Tolls (RH-1-89)*

On 29 November 1989, IPAC applied to the Board requesting a review of the decision of September 1989 with respect to Westcoast Energy Inc.'s 1990 tolls. IPAC sought to have the interruptible tolls lowered to reflect the lower quality of the service that resulted from the unexpectedly high level of firm contracted capacity existing on the Westcoast system following last summer's "open season".

On 14 December, the Board decided that IPAC had established adequate grounds for review.

Interested parties had until 4 January to file their comments on whether the Board should change its decision as requested by IPAC. Westcoast was given until 11 January to comment on IPAC's application and any comments received from interested parties. IPAC was given until 18 January to reply to any comments received.

On 15 February, the Board denied IPAC's application.

6. *Niagara Mohawk Power Corporation (GH-1-89)*

By application dated 6 February 1990, Niagara Mohawk applied for a review of the Board's GH-1-89 decision to deny an export application by Western Gas Marketing Limited to export natural gas to Niagara Mohawk (Refer to item 3 under *Recent Hearing Reports and Decisions*.)

The grounds for Niagara Mohawk's request are (a) the Board's economic analysis was defective and wrong; (b) the use of benefit-cost analysis to restrict exports is contrary to the *Free Trade Agreement*; (c) the decision was arrived at in violation of the legal rules of procedural fairness and natural justice; and (d) the decision was in excess of the Board's jurisdiction under section 118 of the *NEB Act*.

On 22 February, the Board decided to deal with the application in accordance with the Board's *Rules of Practice and Procedure*, which allows any party that has been served with the application to comment on the application within 20 days of receipt of the application. Niagara Mohawk has 10 days to reply after the receipt of comments.

Appeals

1. *Midland Cogeneration Venture Limited Partnership (GH-8-88)*

By application dated 31 July 1989, Midland applied to the Federal Court of Appeal for leave to appeal the Board's decision of 28 June 1989 on the proceedings held under GH-8-88. The Board had authorized five Canadian companies to export natural gas to Midland and Consumers Power Company and had conditioned the licences so that the annual exports to Midland not exceed those to Consumers. In its application, Midland requested the Court to defer action on the application for leave to appeal pending the filing and consideration of applications to the Board for amendments to the licences in question.

On 21 September 1989, the Federal Court of Appeal nonetheless granted Midland leave to appeal. On 17 November Midland filed its Notice of Appeal with the Court.

By a letter to the Court dated 29 November, counsel for Midland indicated that Midland was assessing the timeframe within which it wished to pursue this appeal and requested that the Court defer composition of the appeal case until Midland finalized its plans and so advised the Court. (Refer also to item 2 under *Reviews*.)

2. *Industrial Gas Users Association - Inclusion of Issue in GH-5-89*

On 21 December 1989, IGUA applied to the Federal Court (Trial Division) for orders, (a) setting aside the decision taken at the GH-5-89 pre-hearing

conference to not include alternative toll methodology (i.e. rolled-in vs. incremental) in the list of issues to be considered in GH-5-89, (b) requiring the Board to add the issue to the list of issues, and (c) prohibiting the Board from commencing GH-5-89 until the issue is included. The application was considered by the Federal Court on 6 and 7 February. (Refer to item 1 under *Hearings Scheduled*.)

The Federal Court granted IGUA's application on 12 February.

3. *Western Gas Marketing Limited, as agent for TransCanada PipeLines Limited, Indeck Gas Supply Corporation, Niagara Mohawk Power Corporation and Shell Canada Limited (GH-1-89)*

On 20 November 1989, the Board issued its decision in respect of GH-1-89 in which it denied four applications for gas export licences. The Board's Reasons for Decision were issued on 21 December 1989.

On 20 December, Western Gas Marketing filed with the Federal Court of Appeal a Notice of Motion requesting an extension of time within which to file an application for leave to appeal. The *National Energy Board Act* requires that applications for leave to appeal be filed with the Court within one month after the making of the decision sought to be appealed from. In the case at hand, Western Gas Marketing had not had an opportunity within the one-month period to review the Board's Reasons for Decision. On 3 January, the Court granted the application and provided that the time within which an application for Leave to Appeal may be filed be extended up to and including 15 days from the date the Reasons for Decision of the Board are received by Western Gas Marketing.

On 19 December, Indeck also filed an application for an extension of time within which to file an application for

Leave to Appeal as well as a Notice of Application for Leave to Appeal. Shell filed a similar application for an extension of time on 19 December. Niagara Mohawk, on 20 December, filed with the Court an application for Leave to Appeal the Board's decision.

All these actions relate generally to the fairness of the procedure used by the Board in conducting its benefit-cost analysis in assessing the export applications in question and to the question of whether the use of benefit-cost analysis to restrict exports is contrary to the *Free Trade Agreement*. (Refer also to item 3 under *Recent Hearing Reports and Decisions*, item 3 under *Matters Considered by Written Submissions* and item 6 under *Reviews*)

Gas Matters

1. *Revised Export Impact Assessment Filing Requirements*

Decision dated 20 November 1989, issued on 24 November 1989; Reasons for Decision dated November 1989, issued on 22 February 1990.

In its decision of July 1987, *Review of Natural Gas Surplus Determination Procedures*, the Board established a requirement whereby an applicant for a natural gas export licence must file an export impact assessment (EIA). Implementation of the EIA has demonstrated that it is difficult to measure the impacts of small proposed export volumes and that there is uncertainty on the part of applicants about how best to satisfy the EIA requirements.

On 7 September 1989, the Board issued a proposed amendment to the EIA filing requirement and invited parties to comment by 29 September, later extended to 16 October.

After review of the comments received from interested parties the Board decided, on 20 November, that it would retain the EIA as part of its Market-Based Procedure for licensing exports.

The Board also decided that it will no longer require applicants for gas export licences to file an EIA as part of their applications. Rather, the Board will periodically produce an EIA using several projections of exports.

The Board's EIA will address the effects which increased exports will have on price, supply and demand in Canada. This analysis will be used in export licence hearings to determine whether the proposed exports are likely to cause Canadians difficulty in meeting their energy requirements at fair market prices.

Applicants and intervenors will have the option of using the Board's analysis or preparing and submitting their own as a basis for arguing whether the proposed export would result in adjustment difficulties in Canadian energy markets.

In the Board's view this change in the focus of the EIA is a practical improvement that will allow the Board to continue to carry out its statutory duty with regard to surplus in a manner fully compatible with a market-oriented pricing regime.

2. *Workshop on Cost-Benefit Analysis and Export Impact Assessment*

The Board held a workshop in conjunction with the Canadian Energy Research Institute (CERI), at CERI's office in Calgary on 27 November 1989 to discuss technical matters related both to benefit-cost analysis and the analysis of the impact of incremental exports on Canadian gas markets (the Export Impact Assessment).

The session on benefit-cost analysis provided for an exchange of ideas on methodological matters including, for example, whether to use forecast or licensed exports, and average rather than project-specific direct production costs in calculating total incremental production costs, and the appropriate treatment of by-product revenues.

Board staff issued a technical paper on benefit-cost methodology early in November. The Board had previously issued a technical paper on the Export Impact Assessment, as Appendix C to its 7 September 1989 call for comment on the proposed amendment to information requirements for the Export Impact Assessment. (Refer to item 1 above.)

A report of the proceedings will be issued in the near future.

3. *ANR Pipeline Company - Priority Rights*

By letter dated 20 November 1989, ANR requested that the Board convene a public hearing to consider the issue of "Priority Rights" on the TransCanada PipeLines Limited system (i.e. ANR's right to convert its sales contracts to transportation contracts so that the capacity, presently available for transportation of ANR's sales volumes, may be utilized by it for transportation of alternate supplies, and to renew its existing gas sales service contracts with TransCanada).

Although the Board had not solicited views of interested parties, it considered letters from TransCanada and Western Gas Marketing Limited commenting on ANR's request.

The Board was of the view that ANR's letter was unclear as to what relief or action was being sought from the Board. On 5 January 1990, the Board requested ANR to clarify the nature of its request and specify the relief sought.

4. *Esso Resources Canada Limited - Amendment to a Gas Sales Contract*

On 26 September 1989, Esso applied to the Board for approval of an amendment to a Gas Sales Contract dated 11 December 1980 between Esso, Transco Energy Marketing Company and Transcontinental Gas Pipe Line Corporation.

The amending agreement would provide for the following changes to the original Gas Sales Contract:

1. the level of take or pay would be reduced from 75 percent to 65 percent;
2. the "Fuel Gas" component of the Commodity Charge would be separated from the Commodity Charge and dealt with as a distinct charge; and
3. the cap on the "Current Exchange Rate" would be raised from \$(US) 0.80 to \$(US) 1.00.

The application is currently under review.

5. *Poco Petroleum Ltd. - Amendments to Gas Purchase Agreements*

On 7 November 1989, Poco applied to the Board for approval of ten letter agreements to amend the Gas Purchase Agreements under Poco's export Licences GL-117 and GL-118.

Licences GL-117 and GL-118 authorize exports to Consumers Power Company and Midland Cogeneration Venture Limited Partnership.

The primary consequence of the above-referenced amendments is to revise each of the Gas Purchase Agreements under Licences GL-117 and GL-118 to effect a reduction in the maximum daily quantity from 708,100 cubic metres (25 MMcf) per day to 424,900 cubic metres (15 MMcf) per day and to change the point of delivery from points in Michigan to the outlet of the TransCanada PipeLines Limited system near Emerson, Manitoba.

Poco contended that the submitted letter agreements do not materially affect the condition under which gas would be exported except to reduce the quantity of gas delivered to the buyers.

The application is currently under review.

6. *Poco Petroleum Ltd. and North Canadian Oils Limited - Assign a Portion of Licences GL-117 and GL-118 to NCO.*

On 24 November 1989, Poco and NCO, as joint applicants, applied to the Board to assign a portion of Poco's Licences GL-117 and GL-118 to NCO.

As indicated in item 5 above, Poco applied to the Board for approval to reduce its exports under Licence GL-117 to Consumers Power Company and under Licence GL-118 to Midland Cogeneration Venture Limited Partnership by 283 200 cubic metres (10 MMcf) per day.

Consumers and Midland have entered into a Gas Purchase Agreement with NCO to purchase an equivalent volume of 283 200 cubic metres (10 MMcf) per day.

The application is currently under review.

7. *ProGas Limited - Amending Agreement*

On 1 November 1989, ProGas applied for approval of an Amending Agreement to its Gas Sales Agreement dated 17 May 1979 with ANR Pipeline Company.

The Amending Agreement would amend the commodity charge component of the export price, as well as the demand charge component.

The application is currently under review.

8. *Shell Canada Limited - Gas Purchase Agreement and Amendment to Licence GL-100*

On 21 December 1989, Shell applied for approval of an executed Gas Purchase Agreement with Granite State Gas Transmission, Inc. with respect to exports under Licence GL-100.

The Agreement supercedes a Precedent Gas Purchase Agreement dated 27 July 1989 as well as a Precedent Gas Agreement dated 25 September 1986 which underpinned export authorizations at Niagara Falls, Ontario.

Shell also applied for an amendment to Licence GL-100 to change the export point from Niagara Falls to Iroquois, Ontario.

The application is currently under review.

9. *TransCanada PipeLines Limited - Queuing Procedures*

On 5 December 1989, TransCanada filed its revised Queuing Procedures for the Board's review.

On 15 August 1989, TransCanada had requested the Board to clarify certain aspects of the Board's RH-1-88, Phase II, Reasons for Decision with respect to section 9.10, "Queuing Procedures".

On 30 October 1989, the Board provided TransCanada with the requested clarification. In the same letter, the Board directed TransCanada to submit its proposed Queuing Procedures for Board review by 1 December 1989 and to serve a copy of the procedures on interested parties. The Board also set 15 December, later extended to 8 January 1990, as the date for interested parties to comment on the procedures and 5 January 1990, later extended to 22 January 1990, for TransCanada to reply to any comments received.

The revised Queuing Procedures, the comments received and TransCanada's reply are currently under review.

10. *Western Gas Marketing Limited, as Agent for TransCanada PipeLines Limited - Amendment to Licence GL-18 and Contract Amendments*

On 23 October 1989, Western Gas Marketing, as agent for TransCanada, applied for approval of an amendment

to Licence GL-18 by extending the expiry date from 31 October 1989 to 31 October 1992.

Licence GL-18 authorizes TransCanada to export natural gas to Midwestern Gas Transmission Company (now Viking Gas Transmission Company). The extension was requested so that TransCanada could export volumes that were not exported during the term of the licence.

The applicant also requested approval of several amendments to the original contract. Western Gas Marketing stated that on 1 December 1986, TransCanada stopped reporting exports under GL-18. Since that date volumes previously allocated to Licence GL-18 have been reported under various short-term orders. TransCanada would like to resume reporting a portion of the volumes it exports under short-term order GO-50-89 under Licence GL-18 and use the licence until 31 October 1992. Accordingly, Western Gas submitted copies of contractual amendment documentation pertaining to its sales arrangements with Midwestern that have been executed since December 1986, (the date on which TransCanada stopped reporting exports under GL-18.)

The application is currently under review.

11. *Direct Energy Marketing Limited - Position in TransCanada PipeLines Limited's Queue*

By application dated 17 July 1989, Direct Energy applied for firm transportation on TransCanada's pipeline system and to reinstate Direct Energy to the position in TransCanada's firm service queue that it held as of 22 March 1989.

On 27 July, the Board issued an interim order directing TransCanada to reserve for Direct Energy the capacity, 171 000 cubic metres (6 million cubic feet) of gas per day, originally dedi-

cated to Direct Energy. The interim order would remain in effect until otherwise ordered by the Board.

The Board found Direct Energy's application with respect to the provision of transportation services and suitable facilities to be premature and, accordingly, reserved consideration until the Board renders a decision on Direct Energy's export application.

On 20 November, the Board denied Direct Energy's export application. (Refer to item 3 under *Recent Hearing Reports and Decisions*.)

On 10 January, Direct Energy applied to the Board for an interim order directing TransCanada to retain Direct Energy's position in its queue. The application was made in the event that the Board rescinded the existing interim order, since Direct Energy's application for an export licence had been denied.

Direct Energy stated in its application that it intended to apply for a review of the Board's decision to deny its export application because of new facts and circumstances. Direct Energy further stated that it would be imprudent to apply for such a review until such time as the Board has made its final determination on its review of the aspect of the Market-Based Procedure. (Refer to item 3 under *Matters Considered by Written Submissions*.)

On 8 February, the Board decided to issue a revocation order which will revoke the 27 July interim order on the release of the Board's decision in respect of Direct Energy's 10 January application.

With respect to the 10 January application the Board decided to seek interested parties' comments on the application. Parties were given until 22 February to comment on the application and Direct Energy was given until 1 March to reply to any comments received.

The Board denied that part of the 17 July application which requested orders requiring TransCanada to provide transportation and suitable facilities for Direct Energy's volumes which were denied on 20 November.

12. Potters Industries Inc. - Access to TransCanada PipeLines Limited System

By application dated 19 December 1989, Potters applied for orders requiring TransCanada and Niagara Gas Transmission Limited to receive, transport and deliver natural gas offered by Potters and to provide adequate and suitable facilities to do so.

Potters requested firm service from Empress, Alberta to a point where TransCanada's pipeline interconnects with that of Niagara Gas for subsequent delivery by Niagara Gas to Cornwall, Ontario.

Potters also applied for an order fixing the tolls that TransCanada and Niagara Gas may charge for the transportation service and also fixing an operating demand for Potters of up to 17 300 cubic metres (610 thousand cubic feet) of gas per day.

Potters requires the transportation service commencing upon first delivery for at least three years or until TransCanada and Niagara Gas enter into a firm transportation agreement with Potters.

The gas will be used by Potters at its plant at Potsdam, New York. The plant produces specialty glass spheres.

The application is currently under review.

13. Western Gas Marketing Limited, As Agent for TransCanada PipeLine Limited - Access on TransCanada System

By application dated 4 December 1989, Western Gas, as agent for TransCanada, applied for orders

requiring TransCanada to receive, transport and deliver natural gas offered by Western Gas and to provide adequate and suitable facilities to do so.

Western Gas requested firm service from Empress, Alberta to Gananoque, Ontario for some 1 445 thousand cubic metres (51 million cubic feet) of gas per day to be exported to Niagara Mohawk Power Corporation.

On 20 November 1989, the Board denied an application by Western Gas for a licence to export gas to Niagara Mohawk, and accordingly, an application by TransCanada to construct the facilities to Gananoque, Ontario was denied. (Refer to item 3 under *Recent Hearing Reports and Decisions*.)

In its application for service, Western Gas stated: "Subsequent to the issuance of the November 20th licence decision, Western Gas and Niagara Mohawk have agreed to continue to take all reasonable measures to obtain such authorizations as may be required to enable the Niagara Mohawk sale to proceed and to obtain required transportation service on the TransCanada system."

Western Gas anticipates that such measure may include a request to the Board to review or rehear its application for exports to Niagara Mohawk and an application to the Federal Court of Appeal seeking leave to appeal the Board's decision to deny the export to Niagara Mohawk. (Refer to item 6 under *Reviews* and item 3 under *Appeals*.)

On 22 February, the Board denied the application without prejudice to Western Gas refiling at a later date when its application is more advanced.

14. Westcoast Energy Inc. - Licences GL-93 and GL-94

On 8 September 1989, Westcoast applied to the Board to vary and consolidate Licences GL-93 and GL-94.

Westcoast also applied to have both licences assigned to Westcoast Energy Marketing Ltd.

Licences GL-93 and GL-94 authorize exports at Huntingdon and Kingsgate, British Columbia and Monchy, Saskatchewan of some 23.1 billion cubic metres (820 billion cubic feet) of natural gas over the term of the licences. Licences GL-93 and GL-94 terminate on 31 October 1995 and 31 October 1992, respectively.

By its application, Westcoast is seeking to consolidate Licences GL-93 and GL-94 into a new single licence and to extend the expiry date of the new licence to 31 October 2004, but without changing the volumes as currently authorized for export under the existing licences. Westcoast also requested that the new licence, if approved, be assigned to its wholly-owned subsidiary, Westcoast Energy Marketing Ltd.

The terms and conditions of the proposed amended and consolidated licence for issuance to Westcoast Marketing would be as follows:

Term:	1 November 1989 to 31 October 2004
Maximum Daily:	4 524.8 10 ³ m ³ (160 MMcf)
Maximum Annual:	1 651.5 10 ⁶ m ³ (58.3 Bcf)
Maximum Term:	23 228.0 10 ⁶ m ³ (820 Bcf)
Export Points:	Huntingdon and Kingsgate, B.C.

On 21 December 1989, the Board decided to seek interested parties' comments on the application. Comments from interested parties were due on 21 February 1990 and Westcoast was given until 28 February to reply to any comments received.

The comments and reply are currently under review.

15. *Shell Canada Limited - Position in TransCanada PipeLines Limited's Queue*

By application dated 15 February 1990, Shell applied for an order, or interim orders, with respect to its position in TransCanada's queue for service commencing 1 November 1990.

On 20 November 1989, as part of its decision in GH-1-89, the Board denied an application by Shell to export natural gas. (Refer to item 3 under *Recent Hearing Reports and Decisions*.)

On 24 November 1989, TransCanada gave notice to Shell of its intention to terminate a precedent agreement, by which TransCanada had agreed to transport Shell's volumes, because Shell had not obtained the export authorization.

On 19 December, Shell applied to the Federal Court of Appeal with respect to the Board's GH-1-89 decision.

Shell requested the order, or orders, so that TransCanada would maintain Shell's position in its queue so that it could continue to pursue remedies regarding the denial of its export application.

The application is currently under review.

Pipeline Matters

1. *Foothills Pipe Lines Ltd. - Compressor Station 393*

Foothills submitted an application on 22 October 1988, requesting authorization to build a new compressor station 393 near Val Marie, Saskatchewan.

In compliance with the *Northern Pipeline Act* (NPA), Foothills submitted an addendum to the system design

report to the Agency, seeking the installation of the new compressor station in order to provide system security.

The addendum to the system design report was approved by the Designated Officer on 9 February 1989.

Numerous other submissions were filed by Foothills in order to comply with the provisions of both the *NEB Act* and the NPA in respect of this project. This culminated with the issuance by the Board and the Minister Responsible for the Agency of leave to proceed with construction on 25 August 1989.

In accordance with the NPA, Foothills submitted the Final Design Cost Estimate (FDCE) for this facility on 25 August 1989. After reviewing certain additional information, the Board decided on 11 January 1990 to reduce the FDCE from \$37.8 million to approximately \$35 million for the purposes of calculating the Incentive Rate of Return.

The scheduled in-service date for station 393 is mid-1990.

2. *Westspur Pipe Line Company (1985) Inc./Amoco Canada Resources Limited (formerly Dome Petroleum Limited) - Purchase/Sale of Assets of Westspur*

By application dated 2 February 1989, Westspur applied to sell a 1.7-kilometre section of its oil pipeline in Saskatchewan to Dome (now Amoco). On 13 April, Dome (Amoco) filed a related application to purchase the facilities from Westspur.

On 21 December the Board approved the applications.

3. *Westcoast Energy Inc. - Pine and Commotion Pipelines*

By application dated 27 April, Westcoast requested approval to build

the Pine and Commotion Pipelines to deliver raw gas produced by Esso Resources (formerly Texaco) to the Pine River gas processing plant in British Columbia.

The two pipelines would total 18 kilometres in length and are expected to cost \$3.1 million.

Westcoast also requested approval of a monthly surcharge to be levied on Esso to ensure that Westcoast's cost of service for the two pipelines is fully recovered.

On 17 August 1989, the Board approved both the application and the proposed surcharge. However, the Board also expressed its concern that there did not appear to be any clearly established criteria to assess whether a surcharge is appropriate, or, if appropriate, the level of the surcharge. In this regard the Board specified that it wished to establish specific criteria that could be applied to future facility expansions.

The Board invited the established Operating Committee to address this matter and to submit a recommendation for consideration by the Board by 1 November 1989. The Board added that, following its decision on the submission of the Committee, it will establish the level of the surcharge for the Pipe and Commotion Pipelines, if one is deemed appropriate, pursuant to the policy developed.

Subsequently, following comments from interested parties on the Board's decision that the Operating Committee deal with this matter, the Board decided in September 1989 that the most effective means of dealing with this subject was through the establishment of an appropriate industry task force. The task force's recommendations are expected to be filed in March 1990.

4. TransCanada PipeLines Limited - Blackhorse Pipeline Extension

On 20 July 1989, TransCanada applied for approval to construct 20 kilometres of pipeline and associated facilities for service beginning 1 November 1990. The pipeline would extend from TransCanada's Niagara Line to a delivery point near Chippawa, Ontario and is estimated to cost \$33.3 million. The extension would interconnect with the proposed Empire State Pipeline serving central and western New York State.

The Board informed TransCanada on 2 October 1989 that the application will be considered by some form of hearing following elimination of certain deficiencies in the application.

5. Novacorp International Pipelines Ltd. - Construction of New International Pipeline

On 22 January 1988, Novacorp applied for approval to construct a pipeline under the Detroit River near Windsor, Ontario. The proposed pipeline would be a single crossing of the Detroit River with the Canadian portion being 660 metres in length and the total length being 1.3 kilometres. The pipeline would provide natural gas service to the manufacturing plant of National Steel Corporation in Detroit, Michigan, currently served by the local distributor, Michigan Consolidated Gas Company. The pipeline was estimated to cost about \$1 million and would extend from the Ojibway meter station of Union Gas Limited to a point on the international boundary. The application also requested the Board to direct Union Gas to connect the Novacorp pipeline to the Union Gas pipeline at the Ojibway meter station.

On 22 June 1988, the Board approved construction of the Novacorp pipeline and requested both companies to provide information on the connecting facilities. Novacorp responded on 14 July and 18 November 1988,

informing the Board that it was willing to pay for the connection to its approved meter station.

The Board issued Order MO-17-88 on 30 December 1988, directing Union to provide suitable connecting facilities and to submit to the Board within 60 days a description of the facilities it proposed to build, including a cost breakdown and construction schedule.

On 14 September 1989, Novacorp requested that the date for commencement of construction be extended by one year to 31 December 1990. The Board approved the requested extension on 21 December 1989, and issued order AO-1-XG-11-88.

The order also contained conditions requiring Novacorp to satisfy the Board that authorizations for the necessary land rights and regulatory approvals would continue to be in effect on 31 December 1990, and to submit for Board approval, prior to the commencement of construction, a contingency plan for drilling fluid containment.

The added requirement for a contingency plan stems from recent experience with similar river crossing activities in similar soil structures. Fill material such as that encountered at the proposed drilling site tends to fracture, and as a result, could permit drilling fluid to seep to the surface. The contingency plan should ensure containment of the drilling fluid and proper notification to downstream water users.

6. Westcoast Energy Inc. - Pesh Pipeline

On 17 November 1989, Westcoast applied to construct a 26.7-kilometre gas gathering line, to be known as the "Pesh Pipeline", in the Fort Nelson area of British Columbia. The estimated cost of the facilities was \$4,874,000.

The Board found that there was insufficient information to enable it to fully evaluate the application and requested additional information from Westcoast. The Board also decided to seek the views of interested parties on the application. The Board gave interested parties until 14 December to comment and gave Westcoast until 18 December to reply to these comments.

After reviewing the submissions received from interested parties, the Board approved the application on 15 January.

Traffic and Toll Matters

1. Alberta Natural Gas Company Ltd - Review of Tariff

On 3 August 1989, the Board directed Alberta Natural Gas to review its gas transportation contracts with its shippers with a view to eliminating certain shortcomings, including the elimination of discriminatory tariff provisions and the establishment of clear terms of access in a published uniform tariff. The Board directed the company to file the uniform tariff by 1 November 1989.

On 31 August, Alberta Natural Gas petitioned the Board to reconsider and withdraw the directives set forth in the Board's letter of 3 August.

The Board decided in October to review its earlier directives. To enable full consideration of all parties' views, the Board decided to solicit comments on the merits of the directives set out in the Board's letter of 3 August.

After reviewing the comments received and Alberta Natural Gas' reply, the Board decided, on 21 December, not to withdraw its directives of 3 August, and then set 1 March 1990 as the deadline for the company to complete the review of its contracts and file a uniform tariff for the Board's approval.

2. *Foothills Pipe Lines Ltd. - Application for Revised Depreciation Rates*

On 8 September 1989, Foothills applied to the Board for approval of revised depreciation rates. Foothills requested approval of the following:

- an order approving revised depreciation rates for each of its four operating zones;
- an interim order to be effective 1 September 1989, approving the requested depreciation rates; and
- an order requiring the company to make consequential changes to its Gas Transportation Tariff, Phase 1, and the gas transportation tariffs of its subsidiaries and to file these revisions with the Board within 30 days of the Board's final order.

The Board directed that the existing tolls charged under Board Order TG-4-82 be charged on an interim basis effective 14 September, pending a final decision on the application.

On 6 December 1989, the Board issued an amendment to Order TG-4-82, approving the depreciation rates as applied for, and directed the company to refund to the shippers the amount by which the interim tolls, in effect from 14 September 1989, exceeded the tolls containing the new depreciation rates. The company was also required to file revised tariff sheets, recording the changes in depreciation, which it has done.

3. *Trans Mountain Pipe Line Company Ltd. - Application to Amend Board Order TO-4-88*

On 26 October 1989, Trans Mountain filed an application to amend Board Order TO-4-88. The requested amendment would vary the existing toll methodology by rolling the value of refined petroleum receiving lines at Edmonton into the common rate base for toll-making purposes.

The Board decided on 10 November to seek comments from interested parties.

On 21 December, the Board denied the application. The Board was not persuaded that including the costs of the refined products receiving lines in the common rate base and cost of service was warranted.

4. *Trans Mountain Pipe Line Company Ltd. - Class 2 Toll Application*

Trans Mountain applied on 30 October 1989 to adjust its tolls for the transportation of crude oil, refined and semi-refined products, to be effective 1 January 1990.

Trans Mountain requested a toll increase of approximately 25 percent.

On 21 December, the Board issued an interim order, effective 1 January 1990, allowing Trans Mountain to charge its existing tolls pending a final decision on its application.

On 4 January, Trans Mountain amended its application. The Board was of the opinion that the nature of the amendments warranted further public participation. The Board gave interested parties until 6 February to file information requests and until 20 February to file comments. Trans Mountain was given until 13 February to respond to information requests and until 27 February to reply to any comments. (Refer also to item 9 below.)

The comments received from interested parties and Trans Mountain's reply are currently under review.

5. *Interprovincial Pipe Line Company, a division of Interhome Energy Inc. - Class 2 Toll Application*

Interprovincial applied on 30 October 1989 to adjust its tolls for the transportation of oil and related products to be effective 1 January 1990.

Interprovincial requested a toll increase of approximately 15 percent.

In a letter dated 17 November, the Independent Petroleum Association of Canada requested that the Board conduct an oral hearing on the application, and that such hearing also include a review of the toll adjustment procedures prescribed by Order TO-4-85.

On 24 November, the Board decided to give interested parties until 5 December to comment on IPAC's request and to give IPAC until 12 December to reply. The Board also decided that it would continue treating the application as a Class 2 application until otherwise decided.

On 29 November, IPAC requested that consideration of the Class 2 application be suspended until a decision on its request that the application be set down for oral hearing is rendered.

The Board was of the opinion that continuing to process Interprovincial's application as a Class 2 did not prejudice IPAC or other parties in any way and therefore denied IPAC's request to suspend consideration of the toll application.

IPAC also requested that, in the event the Board did not suspend consideration of Interprovincial's toll application, it be given certain extensions for filing information requests and its submission on the application. The Board decided to grant extensions, setting 15 December as the deadline for IPAC's information requests, 22 December for Interprovincial's response, 5 January for IPAC's submission on the application, and 12 January for Interprovincial's response to the submission.

Noting that there would be a delay in the implementation of Interprovincial's new tolls because of the IPAC application, the Board decided to make Interprovincial's existing tolls interim effective 1 January.

On 3 January, IPAC requested that the filing date for its submission be extended to 12 January. On 5 January, the Board approved IPAC's request for extension and gave Interprovincial until 19 January to file its reply.

On 25 January, the Board decided that Interprovincial's current toll application for the 1990 test year should continue to be processed as a Class 2 toll application. Nevertheless, the Board noted the amount of time which had elapsed since Interprovincial's last Class 3 application, and the number of issues which remain outstanding or have recently been raised regarding Interprovincial's operations and tolls. Consequently, the Board decided that a Class 3 toll application, to be processed through an oral public hearing, was required for the 1991 test year. The Board decided that the Class 3 application be filed with the Board and served on interested parties no later than 31 July 1990. (Refer also to item 9 below.)

The Class 2 application is still under review.

6. BC Gas Inc. - Complaint - Westcoast Energy Inc.

On 6 December 1989, BC Gas filed a complaint with the Board regarding certain limitations imposed by Westcoast with respect to its upstream and downstream diversion policy. The matter of upstream and downstream diversion is discussed in the Board's Reasons for Decision dated September 1989 regarding Westcoast's 1990 tolls, RH-1-89.

BC Gas complained that Westcoast is restricting diversions when the gas it wishes to divert is not purchased from Westcoast, and that the tariff requires that the consent of the British Columbia Petroleum Corporation be obtained.

On 21 December, the Board invited interested parties to comment on the complaint. Parties had until 11 January

1990 to file their comments, and BC Gas had until 18 January to reply to any comments received.

On 22 February, the Board decided not to grant an order as requested by BC Gas.

However, the Board decided to disallow the condition contained in Westcoast's *General Terms and Conditions - Canadian Sales* that require that the consent of the BCPC be given to Westcoast before Westcoast will allow a diversion to take place. The Board directed Westcoast to amend its tariff accordingly.

7. Surveillance Reporting Under NEB Toll Information Regulations

On 6 December 1989, the Board decided that, starting with the first quarter of 1990, all Group 1 oil and gas companies are to file their quarterly surveillance reports and the annual financial forecast at the Board's offices in both Calgary and Ottawa. Each company is also required to make its reports available at its respective head office for public viewing.

The Board made the decision so as to improve public access to financial information currently filed by the companies pursuant to the *Toll Information Regulations*.

8. TransCanada PipeLines Limited - FST Toll Schedule

On 20 November 1989, TransCanada filed a new transportation tariff in compliance with the RH-1-88, Phase I and Phase II decisions. Included in the tariff was a redrafted Firm Service Tendered Toll Schedule.

On 21 December, the Board decided to give interested parties an opportunity to comment on the redrafted FST Toll Schedule, setting 12 January as the deadline for interested parties' comments and 19 January for TransCanada's reply.

On 15 February, the Board accepted the FST Schedule, as amended, for filing and advised TransCanada that if additional amendments are required to the schedule they would be addressed at the next TransCanada toll proceeding.

9. Toll Adjustment Procedures

On 29 January, the Board decided to seek parties' comments concerning the toll adjustment procedures for Interprovincial Pipe Line Company, a division of Interhome Energy Inc., Trans Mountain Pipe Line Company Ltd. and Trans-Northern Pipelines Inc. as set out in Orders TO-4-85, TO-5-85 and TO-6-85, respectively.

The Board initiated a review of the continued appropriateness of the current toll adjustment procedures for Interprovincial, Trans Mountain and Trans-Northern because recent experience indicates that there are difficulties with the procedures as evidenced, for example, by uncertainty regarding various deadlines, and the need to grant extensions.

Comments from interested parties are due on 2 March and reply comments are due on 29 March.

Oil Matters

1. Shell Canada Products Limited - Export Order

Under the *Part VI Regulations*, exports of high-sulphur crude oil to be transported by marine vessels from the west coast of Canada must be authorized by a specific order issued by the Board. The high-sulphur designation refers to crude oil that has a sulphur content greater than 0.9 percent by weight. This requirement was put into effect in December 1985 to monitor air quality impact from inadvertent odour emissions.

On 9 January 1990, Shell Canada Limited applied to export approximately 75 000 cubic metres of high-

sulphur crude oil in several tanker/barge shipments off the west coast through the Westridge Terminal of Trans Mountain Pipe Line Company Ltd. from the date of approval to 30 June 1990.

The Board authorized the shipments on 7 February.

Electricity Matters

1. Ontario Hydro - Export Order

Ontario Hydro applied on 19 December 1989 for approval to export 3 megawatts and 15 gigawatt hours per year of electricity to New York Power Authority for a maximum period of three years for the supply of Iroquois Central Dam. The order requested would replace Licence EL-132 which expires on 31 March 1990.

The Board approved the application on 18 January.

Implementation of New Electricity Export Policy

In September 1988, the Minister of Energy, Mines and Resources announced a new electricity export policy and asked the Board to implement the new policy to the maximum extent consistent with the existing *NEB Act*. The Minister also requested the Board's advice on any immediate changes the Board believed were needed to be made to its existing regulations, rules and procedures in order to give effect to the new policy. In December 1988 the Board responded to this request by issuing a Memorandum of Guidance setting out those aspects of the policy that could be implemented by amendment to the Board's *Part VI Regulations and Rules of Practice and Procedure*.

Under the new policy, following amendments to the *Act*, it will be possible for the Board to authorize most elec-

tricity exports and international power lines by permit, without the requirement for a public hearing (unless designated by the Governor in Council on the recommendation of the Board) or for Governor in Council approval.

Full implementation of the new policy will require amendments to the *Act* and other regulatory amendments.

On 14 December 1989, Bill C-23, an Act to amend the *NEB Act*, was passed by the House of Commons. The Bill is currently being considered by the Senate. (Refer to *Amendments to the National Energy Board Act*.)

Electricity Review

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review interprovincial electricity trade. Specifically, the Minister asked the Board to review and report on possible measures that could be taken to

- (i) encourage greater interprovincial cooperation between Canada's electrical utilities, and
- (ii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces for wheeling purposes.

In March, the Board advised the Minister of the approach it was proposing to take in conducting the review. In May, the Minister agreed with the suggested approach.

On 11 January, the Board decided that it would carry out the review along two separate tracks. The first will focus on inter-utility cooperation. The second will address questions relating to wheeling and transmission access.

The Board expects to issued a questionnaire on inter-utility cooperation in early March.

Early Public Notification of Proposed Applications - Draft Memorandum of Guidance

On 6 September 1989, the Board issued for comment, by 20 October 1989, a draft Memorandum of Guidance regarding the early public notification of proposed applications for pipeline construction or expansion, export of electricity, or export of high-sulphur crude oil from the west coast of Canada.

To allow the Board to evaluate any public concern over the environment, the Board decided that it is necessary to ensure full notification to the public of proposed applications having potential environmental and social effects.

The intent of the draft Memorandum of Guidance is to provide for public input during the project planning and development stage which may then be incorporated into applications to the Board. It is anticipated that providing early public notification of proposed applications would improve the Board's regulatory process.

The comments received are currently under review. A new draft of the Memorandum of Guidance is expected to be published in the spring of 1990.

Environmental Assessment and Review Process - Natural Gas Exports

By letter dated 8 January 1990, the Minister of Energy, Mines and Resources inquired how the Board complied, or would comply, with the requirements of the *Environmental Assessment and Review Process Guidelines Order* in considering applications for licences to export natural gas.

The Minister was referring to the Board's recent decisions to issue licences to export natural gas from

the Mackenzie Delta (GH-10-88) and to the northeastern United States (GH-1-89). These exports have been licensed by the Board, but are still subject to Governor in Council approval.

On 19 February, the Chairman advised the Minister that, in compliance with the requirements of the *EARP Order*, the Board will be initiating a process to examine the potential environmental effects of the export of gas from the Mackenzie Delta, the exports of gas to the northeastern United States and the provision of new firm transportation service to domestic and export markets.

Amendments to the National Energy Board Act

1. Bill C-23

Bill C-23, an amendment to the *National Energy Board Act* was passed by the House of Commons on 14 December. The bill is currently being considered by the Senate. The bill includes the incorporation of the new electricity export policy, house-keeping amendments, a reduction in the number of Board Members from 11 to 9, and the provision for the Board to recover the cost of its operations.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The *Onshore Pipeline Regulations* provide for the safe design, construction and operation of onshore oil and gas pipelines. The regulations will be updated and amended to reflect the outcome of Board-industry deliberations on the 12 recommendations included in the Board's report of June 1986 on an accident on Interprovincial's system in February 1985. (See item 1 under *Reviews*.)

2. Offshore Pipeline Regulations

On 24 November 1988, the Board issued for comment the second draft of its new *Offshore Pipeline Regulations*. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA standard, "CAN/CSA-Z187-M87, Offshore Pipelines", forms the technical basis for the Board's new *Offshore Pipeline Regulations*.

Interested parties had until the end of April 1989 to submit comments. A final draft of the regulations was approved by the Board on 12 July 1989. The draft regulations have been submitted to the Department of Justice for examination.

3. Part VI Regulations

The *Part VI Regulations* are being amended to reflect the new electricity export policy. (Refer to *Implementation of New Electricity Export Policy*.)

As well, other revisions are being proposed to reflect the natural gas Market-Based Procedure and the changes suggested by the Standing Joint Committee on Regulatory Scrutiny. The latter include the removal of certain provisions respecting export and import reporting requirements, which are now to be included in the *Export and Import Reporting Regulations* (see below). The proposed amendments will be submitted to interested parties for comment.

Also, on 5 February 1990, the Board sent a letter to industry and other interested parties inviting them to comment on several amendments the Board proposes to make as soon as possible with regard to regulation of imports of natural gas authorized by orders and natural gas imports for re-export and exports for re-import, which are currently authorized by licences.

The Board is proposing to amend subsection 8(1)(b) of the Regulations so

that imports could be authorized by order for a period of up to 24 months with no volumetric restrictions. Subsection 8(1)(c) will be amended to permit imports of natural gas pursuant to an order for a period of between 24 months and 20 years to a maximum of 30 thousand cubic metres per day. These amendments will result in imports of natural gas by order being treated in exactly the same manner as exports.

With regard to long-term natural gas imports for re-export and exports for re-import, these are currently authorized by a licence which, in accordance with subsection 24(1) of the *Act*, necessitates the holding of a public hearing. The Board is proposing to amend the regulations so that such shipments could be authorized by order for up to 25 years.

The proposed amendments will require examination by the Department of Justice and will need Governor in Council approval.

4. Export and Import Reporting Regulations

These proposed regulations would require companies exporting oil, natural gas, or power, or importing natural gas to provide certain information to the Board. The information is similar to that currently required by the *Part VI Regulations*.

The Board decided to remove the reporting requirements from the *Part VI Regulations* and make these new regulations under subsection 129(1) of the *Act*, on the suggestion of the Standing Joint Committee on Regulatory Scrutiny.

The Regulations, which will require Governor in Council approval, will be processed together with the comprehensive amendment to the *Part VI Regulations* noted above.

5. *Regulations Pertaining to Crossings Involving International Power Lines*

Following receipt of comments from interested parties on draft *International Power Line Crossing Regulations*, the Board approved a new draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. International Power Line Crossings, Construction and Abandonment Regulations

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. International Power Line Crossings Regulations

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

The scope of these regulations is being re-examined in view of the new electricity export policy. (See also *Implementation of New Electricity Export Policy*.)

6. *Cost Recovery Regulations*

Pursuant to the government's cost recovery initiative introduced in the May 1985 Budget, the Board completed a feasibility study on recovering the costs of regulation from companies under its jurisdiction. The study received Treasury Board's approval in principle in November 1988. Consultation with industry took place during 1989. The Board submitted a report on these consultations and implementation options to the Minister who in turn submitted the package to Treasury Board for decision. On 25 February 1990, Treasury Board directed the Board to proceed with 100 percent cost recovery.

Bill C-23 gives the Board the necessary powers to recover costs and draft *Cost Recovery Regulations* have been submitted to the Department of Justice. The coming into force of these *Regulations* is subject to Bill C-23 becoming law.

On 30 January, the Board issued a further draft of the *Regulations* for comments by interested parties. Comments are due on 30 March. Implementation is currently scheduled for June 1990 contingent upon early parliamentary passage of Bill C-23.

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the *Rules of Practice and Procedure* and the schedules which form part of the rules. The Board has asked all parties to use them, although they must still be published in the *Canada Gazette* before they become binding.

The Department of Justice has completed an initial examination of the rules and the Board is reviewing them in light of the amendments to the *Act* as a result of Bill C-23, recent changes in export regulation and comments from the Department of Justice. The revised draft will require further examination by the Department of Justice and publication in the *Canada Gazette*.

Administrative Matters

Reports and Speeches

1. *Regulation of Canadian Energy Exports in the Free Trade Era*, a presentation by R. Priddle, Chairman, to the Twenty-First Annual Conference of the Institute of Public Utilities, Michigan State University "Emerging Markets and Regulatory Reform: An Agenda for the 1990s" on 11 December 1989 at Colonial Williamsburg, Virginia.
2. *Canadian Gas' Contribution to U.S. Gas Demand*, a presentation

by Martha Musgrove, Member, to the Executive Enterprises 10th Annual Natural Gas Conference on 25 January 1990 in Washington, D.C.

3. *Energy Challenge in the 1990's*, a presentation by J.-G. Fredette, Vice Chairman, to the Club de L'Electricité on 8 February 1990 in Montreal, Quebec.
4. *National Energy Board Regulation of Natural Gas Exports*, a presentation by Jean-Guy Fredette, Vice

Chairman, to the Canada/U.-S. Natural Gas Supply and Transportation Conference Executive Enterprises Inc. on 12 February 1990 in Calgary, Alberta.

5. *Current Canadian Natural Gas Issues*, a presentation by K. W. Vollman, Member, to the National Association of Regulatory Utility Commissioners on 27 February 1990 in Washington, D.C.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900).

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added thereto, please write to the Secretary of the Board providing your mailing address and the type of material you

would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L4: Oil and Gas matters
- L5: Electrical matters
- L6: Annual Reports only
- L7: Press Releases only
- L8: Regulatory Agendas only

Lists 2 and 3, which covered oil and gas matters separately, have been amalgamated into List 4.

National Energy Board



Marie Tobin
Secretary

For copies of documents contact:

Regulatory Support Office (613) 998-7204

For information contact:

Denis Tremblay, Information Services (613) 990-1850

Appendix I

Instructions For Filings With The National Energy Board

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies
(a) Hearing Matters	
(i) Certificates	
- Pipeline	35
- Power line	30
(ii) Export licences	
- Natural gas	35
- Electricity	30
(iii) Tolls	35
(iv) Land Acquisitions	10
(b) Non-Hearing Matters	
(i) <i>Natural Gas</i>	
Export Orders	5
Orders for Transmission Access	20
Licence Amendments	20
Amends to Export Contracts	20
Licence Revocations	20
(ii) <i>Electricity Exports</i>	
Orders	15
Licence Amendments	15
Licence Revocations	15
(iii) <i>Oil Exports</i>	
Registered Oil Export Orders	10
(iv) <i>Tolls</i>	
Class I and II Adjustments	20
Interim Orders	20
Operating and Maintenance Budgets	20
Changes in Depreciation Rates	20
Quarterly Surveillance Reports	20
New or Changed Tariffs	20
Domestic Gas Sales Contracts and Amendments	20
Amendments to Tariff Orders	20

Type of Application or Filing	No. of Copies
(v) <i>Pipelines and Power Lines</i> Exemption Orders Power Lines Exemption Orders Pipelines (Sec. 58) Certificate Amendments Certificate Revocations	15 20 20 20
Leaves to Sell or Transfer Incident Reports	20 20
(vi) <i>Other</i> Applications for Review	20

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5. (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900)

Appendix II

NATIONAL ENERGY BOARD Selected List of Telephone Numbers

BOARD MEMBERS

Chairman	R. Priddle	990-3454
Vice-Chairman	J.-G. Fredette	990-3462
Member	R.B. Horner, Q.C.	990-3459
Member	W.G. Stewart	990-3470
Member	A.B. Gilmour	990-3312
Member	A. Côté-Verhaaf	990-3264
Member	M. Musgrove	990-3466
Member	C. Bélanger	990-9528
Member	R. Illing	990-3460
Temporary Member	D.B. Smith (403)	292-6694
Temporary Member	K.W. Vollman	990-3465

EXECUTIVE DIRECTOR

Executive Director	R. Glass	998-7190
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Finance and Administration Branch

A/Director	J. Klotz	990-6523
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Personnel Branch

Director	J. Thompson	993-4823
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Planning and Review Branch

Director	C. Scott	990-6845
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Information Technology Branch

Director	D. Emmens	998-7974
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Office of the Secretary

Secretary	M. Tobin	990-3167
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A/Asst. Secretary Regulatory	B. Jolicoeur	990-3447
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A/Asst. Secretary Communications	A. Sicotte	998-7193
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A/Chief, Information Services	U. Perovic	990-3166
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Manager, Library	N. Park	990-6221
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Board Distribution Centre (Room 1064)		998-7204
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General Information		998-7204
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ENERGY REGULATION DIRECTORATE

Director General, Energy Regulation	P.L. Miles	998-7929
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Economics Branch

Director	M. Segal	998-9378
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Asst. Director & Manager, Economic Analysis Group	R. Jackson, Jr.	998-7213
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Manager, Forecasting and Energy Market Analysis	E. Ruddick	998-7936
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Electric Power Branch

Director	A.N. Karas	990-0329
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Special Advisor and Chief Generation Planning	M. Warnes	990-0335
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Chief, Regulatory	G. Izsak	990-0334
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Chief, Power System Planning	E. Vaahedi	990-0322
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Energy Supply Branch

Director	D.R. Collyer	998-7952
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Chief & Asst. Director, Crude Oil Supply	G.C. Hos	998-7921
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Chief, Special Projects	B. Bowers	998-7922
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Chief, Natural Gas Supply	P.R. Bourgeois	998-7925
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Chief, Geology and Reserves	C.H. Gemeroy (403)	292-5400
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Gas and Oil Branch

Director	R.M. White	990-6235
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Gas:

Chief, Gas Policy Applications	D.M. Dubuc	993-6433
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Chief, Gas Transportation	H.H. Pols	993-7656
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A/Chief, Gas Regulatory Surveillance	P.Sol	993-7653
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Oil:

Chief & Asst. Director, Petroleum Products	B.A. Wells	990-6238
A/Chief, Crude Oil	J.A. Datto	990-6244
Chief, International Oil Analysis	C.P. Brown	990-6242
Chief, Operating Data and Oil Forecasting	N.X. Monteiro	990-6241

PIPELINE REGULATION DIRECTORATE

Director General, Pipeline Regulation	J.S. Klenavic	990-3314
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Environment Branch

Director	P.A. Carr	998-7179
Chief & Asst. Director, Environment	S.P. Pierce	998-7149
Chief Operational Programs	G.R. Higginson	998-7182
Chief, Regulatory Affairs	S.A. Burgess	998-7158

Chief, Pipeline Crossings	R.C. Seaman	998-7153
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Financial Regulation Branch

Director	H. Pau	990-3188
Asst. Director, Manager, Operations	G.S. Johnson	990-3191
Chief, (IPL, IPL(NW), TMPL)	C.M. Sharp	990-3203
A/Chief, (Westcoast)	J.P. Tourigny	990-3204
Chief, (TransCanada, TQM)	G. O'Brien	990-3205
A/Chief, (Trans-Northern, Alberta Natural Gas, Cochin, Group 2 Pipelines)	D.Grunig	990-3213

Advisor, Accounting, Auditing and Taxation	Aideen Brown	990-3206
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Pipeline Engineering Branch

Director	E.L.M. Gordon	998-7160
Manager, Operations & Asst. Director	G. Caron	998-7131
A/Chief, Gas Pipelines West	M. Klein	998-7137
Chief, Gas Pipelines East	W. Reynen	990-3185
Chief, Oil Pipelines	J. Abes	998-7117
Chief, Group 2 Pipelines and Data Bases	F. Jeglic	998-7133
Chief, Safety	L. Gales	998-7118
Coordinator, Standards and Regulations	Z. Lewycky	998-7115
Chief, Field Inspection	D. Watson	998-7125

Law Branch

General Counsel	S.K. Fraser	990-6224
Assistant General Counsel	J. Morel	990-6223
Counsel	D. Bursey	990-6231
Counsel	M. Fowke	990-6228
Counsel	R. Graw	990-6232
Counsel	L. Meagher	990-6229
Counsel	A. Vockeroth	990-3488
Counsel	S. Courtemanche- Scott	990-6226

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the licensing of oil, natural gas, and electricity exports, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by the Minister of Labour to administer Part II of the *Canada Labour Code*.

Head Office:

National Energy Board
473 Albert Street
Ottawa, Ontario
K1A 0E5

(613) 998-7204

Calgary Office:

National Energy Board
4500 - 16th Avenue N.W.
Calgary, Alberta
T3B 0M6

(403) 292-6700

Regulatory Agenda

Issue No. 33

Applications Considered by Hearing

Recent Hearing Reports and Decisions

Since the 1 March 1990 edition of the Agenda, the following reports and decisions have been published by the Board following public hearings:

1. Westcoast Energy Inc. - 1990 Tolls, Phase II - RH-2-89

Decision dated and issued on 19 December 1989; Reasons for Decision dated January 1990, issued 19 March 1990.

The hearing was held in Vancouver from 11 to 24 October 1989 and final argument was heard in Ottawa on 31 October and 1 November 1989.

At the hearing, the Board considered Westcoast's rate base, cost of service and rate of return for the 1990 test year.

As part of its decision, the Board approved a rate of return on equity of 13.25 percent on a common equity component of 35 percent. This rate is 50 basis points less than the previously approved rate of 13.75 percent and 100 basis points less than Westcoast sought.

Also, the Board directed Westcoast to revise its rate base and cost of service to reflect the Board's decisions and to determine its tolls and tariffs for the

1990 test year accordingly. Westcoast was directed to submit new tolls and tariffs by 15 January 1990.

On 12 January 1990 Westcoast submitted the new tolls and toll schedules, effective 1 January 1990, which the Board approved on 15 February 1990.

2. TransCanada PipeLines Limited - 1990 Tolls - RH-3-89

Decision dated 17 January 1990, issued on 5 February 1990; Reasons for Decision dated March 1990, issued 9 May 1990.

The hearing was held in Ottawa from 27 November to 14 December 1989, for a total of 11 days.

At the hearing, the Board examined cost of service, rate base, and rate of return. The hearing did not include an examination of toll design or tariff matters except for the throughput forecast.

The new tolls approved by the Board for firm service are 1.4 percent higher than the average 1989 tolls. TransCanada had applied for an increase of 3.6 percent.

The Board approved a revenue requirement for 1990 of \$934 million compared with TransCanada's forecast requirement of \$955 million.

The Board also approved a rate of return on common equity of 13.25 percent on a common equity component of

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National Energy Board



Canada

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7, as amended by S.C. 1990, c.7.

A profile of the National Energy Board appears on the last page of this agenda.

30 percent compared with a requested rate of 14.25 percent. The rate previously in effect was 13.75 percent.

Hearing Decisions Pending

1. *Hydro-Québec - Two Applications for Electricity Exports - EH-3-89*

On 28 July 1989, Hydro-Québec filed two applications for licences to export firm power and energy to New York Power Authority and Vermont Joint Owners.

- **New York Power Authority -** Hydro-Québec requested approval to export two blocks of firm power and energy each for a period of 20 years.

The first block would allow for the export of 500 megawatts of power between 1 May 1995 and 30 April 2015. This request includes the delivery of a maximum export of 66 terawatt hours of firm energy. The second block would allow for the export of the same quantities of power and energy during the period 1 May 1996 to 30 April 2016.

- **Vermont Joint Owners -** Hydro-Québec requested approval to export seven blocks of firm power and energy, varying in size from 19 to 200 megawatts and varying in duration from 5 to 22 years. Together the blocks total 450 megawatts of firm power and a maximum of 62 terawatt hours of associated energy during the period 1 May 1990 to 31 October 2020.

The two applications were considered at a hearing held in Montreal from 19 February to 1 March 1990. The hearing concluded in Ottawa on 5 March 1990.

On 26 April, the Board authorized the export of 57 megawatts of firm power to Vermont Joint Owners for a period of six months, from 1 May 1990 to 31 October 1990. The export will be

made under the terms of an existing licence which allows short-term exports of electricity.

The Board decided to authorize this export so as not to jeopardize Hydro-Québec's long-term contract with Vermont Joint Owners, which calls for the delivery of electricity beginning 1 May 1990. The Board is aiming to render its decision and provide its reasons for decision on Hydro-Québec's two applications for long-term authorizations as soon as possible prior to the termination of the short-term authorization.

2. *Various Applications for Gas Export Licences - GH-6-89*

The Board considered six applications for natural gas exports at a public hearing held in Calgary from 19 to 21 March 1990. (Refer also to item 2c under *Matters Considered by Written Submissions*.)

The following applications were considered at the hearing:

- a) *CanStates Gas Marketing and Transco Energy Marketing Company*

CanStates and TEMCO, as joint applicants, propose to export some 7 096 million cubic metres (251 billion cubic feet) of gas at Niagara Falls, Ontario over a 15-year period commencing 1 November 1990 to a cogeneration facility in Hopewell, Virginia.

- b) *Esso Resources Canada Limited*

Esso applied to amend its existing Licence GL-82 which expires on 31 October 1991. The proposed amendment would allow, commencing 1 November 1990 and ending 31 October 2002, the export of 2 125 000 cubic metres (75 million cubic feet) per day resulting in an increase of the term quantity of 9.1 billion cubic metres (323.1 billion cubic feet).

As authorized in the existing licence, the gas will be sold to TEMCO, for resale to three local distribution companies located in the northeastern United States.

- c) *FSC Resources Limited*

FSC proposes to export some 8 377 million cubic metres (296 billion cubic feet) of gas at Napierville, Quebec over a 15-year period commencing 1 November 1990 to three cogeneration facilities to be constructed near Plattsburgh, New York.

- d) *Ramarro Resources Ltd.*

Ramarro proposes to export some 935 million cubic metres (33 billion cubic feet) of gas at Niagara Falls, Ontario over a 15-year period commencing 1 November 1990 to Energy Marketing Exchange Inc. of Edison, New Jersey who in turn will sell the gas to a cogeneration facility in Milford, New Jersey.

- e) *Vector Energy Inc.*

Vector proposes to export some 5 835 million cubic metres (206 billion cubic feet) of gas at Niagara Falls, Ontario over a 15-year period commencing 1 November 1990 to Altresco Inc. of Denver, Colorado to supply a proposed cogeneration facility in Pittsfield, Massachusetts.

In June 1989, the Board denied an application by Vector for exports to Altresco. The Board was concerned with Vector's gas supply and contractual arrangements and that the export would not recover the costs incurred in Canada.

On 25 July 1989, Vector requested the Board to review its decision. In support of its application for review, Vector filed a revised application.

On 3 August 1989, the Board denied Vector's application for review and decided to treat the revised application

as a new application for a gas export licence.

f) Western Gas Marketing Limited

Western Gas proposes to export some 2 332 million cubic metres (83 billion cubic feet) of gas at Emerson, Manitoba over a 15-year period to Southeastern Michigan Gas Company to be used as system gas in the State of Michigan.

**3. Review of Export Applications
Previously Denied GH-1-90**

In a decision dated November 1989 (GH-1-89), the Board denied applications by Direct Energy Marketing Limited for exports to West Georgia, Vermont; Western Gas Marketing Limited as agent for TransCanada PipeLines Limited, for exports to Niagara Mohawk Power Corporation in New York State; Indeck Gas Supply Corporation for exports to two cogeneration plants to be built in Oswego and Tonawanda, New York; and Shell Canada Limited for exports to Cogen Energy Technology, Inc. in Castleton-on-Hudson, New York. (Refer to item 2 under *Appeals*.)

In a decision released on 15 March 1990, the Board decided it would no longer use benefit-cost analysis in considering applications for export licences. (Refer to item 1 under *Matters Considered by Written Submissions*.) The Board also decided that, with respect to contract flexibility, it will operate on the presumption that, where contracts are freely negotiated at arm's length, they will be in the public as well as the private interest.

In light of that decision, on 19 March the Board stated that it was prepared to review those decisions where, in the view of the applicants, there had been an adverse decision based on benefit-cost analysis or insufficient contractual flexibility. In cases where supply was given as a reason for denial of a licence, the Board advised that it was prepared to review its decision if it received evidence of any material change in the supply situation.

Applications for review were filed by the four above-mentioned applicants. In addition, Niagara Mohawk filed an application for review of the WGML sale cited above.

A hearing was held in Calgary on 23, 24 and 25 April 1990.

An environmental screening of the proposed exports is being conducted by means of written submissions. (Refer to item 2d under *Matters Considered by Written Submissions*.)

On 25 April, the Board decided that, with the exception of the environmental screening currently in process, the four applicants have met the criteria necessary for the issuance of natural gas export licences.

If the Board decides as a result of the screening of any of these applications that an environmental review should be undertaken, then the results of that review would have to be taken into account before a final decision is made on that application. If, on the other hand, the Board's screening leads it to the conclusion that an environmental

review is not necessary, the Board has decided that the relevant licence will be issued and submitted to the Governor in Council for approval.

Hearing in Progress

**1. Combined Hearing on TransCanada
PipeLines Limited 1991/92 Facilities
and Associated Gas Export Licences
- GH-5-89**

The Board commenced hearings on 26 March on an application dated 29 June 1989, as amended on 15 December 1989, by TransCanada for approval to expand its pipeline system by 1 November 1991 and 1992 to serve expanding domestic and export markets. At the hearing the Board is also considering 15 gas export applications in support of the facilities requested, four applications for orders requiring TransCanada to transport natural gas and to provide adequate facilities to transport the gas and certain toll-related issues.

The facilities application, as revised, includes the construction of 1 592 kilometres of pipeline, the installation of 21 new compressor units and two new compressor stations. The 1 592 kilometres includes one section of new pipeline, 4.5 kilometres long, at Iroquois, Ontario. The remaining portion consists of parallel pipeline along TransCanada's system in Saskatchewan, Manitoba and Ontario.

The facilities are estimated to cost \$2.6 billion.

The export applications being considered at the hearing are as follows:

Applicants	Daily Quantities		Term Quantities	
	Million Cubic Metres	Million Cubic Feet	Billion Cubic Metres	Billion Cubic Feet
Emerson, Manitoba:				
Kamine South Glens Falls Cogen Co., Inc./ Beta South Glens Falls Inc.	402.2	14.2	2.1	74
Niagara Falls, Ontario:				
Canadian Occidental Petroleum Ltd.	433.4	15.3	2.4	84
Western Gas Marketing Limited	283.3	10.0	1.6	55
FSC Resources Limited	453.2	16.0	2.5	87
Iroquois, Ontario:				
Pawtucket Power Associates Limited Partnership	362.5	12.8	2.6	93
JMC Selkirk, Inc.	651.5	23.0	3.7	130
ProGas Limited ¹	708.2	25.0	4.8	170
Esso Resources Canada Limited	991.4	35.0	5.4	192
New England Power Company	1699.6	60.0	9.3	329
Chippawa, Ontario:				
Enserch Development Corporation, on behalf of Encogen Four Partners Limited	441.9	15.6	2.4	84
Indeck Gas Supply Corporation, by its Agent Northstar Energy Corporation(Corinth)	461.7	16.3	2.5	87
Indeck Gas Supply Corporation, by its Agent Northstar Energy Corporation(Ilion)	212.4	7.5	0.8	30
Kamine Carthage Cogen Co. Inc./ Beta Carthage Inc.	402.2	14.2	2.1	74
Fulton Cogeneration Associates	359.7	12.7	1.6	55
Unigas Corporation	453.2	16.0	1.7	59

¹ ProGas has requested an amendment to an existing licence with no change in the term quantity.

The Board is also considering at the hearing four applications requesting orders requiring TransCanada to receive, transport and deliver natural gas offered by the applicants and to provide adequate and suitable facilities to do so.

The applications are as follows:

Applicant	Application Date
The Consumers' Gas Company Ltd.	15 January 1990 (Revised 15 May 1990)
FSC Resources Limited	1 December 1989
Indeck Gas Supply Corporation	21 December 1989
Rochester Gas and Electric Corporation (for Unigas Corporation)	15 January 1990

The Board is also considering certain toll-related issues including the appropriate toll treatment of construction cost overruns, cost of facilities which may turn out to be underutilized, and the appropriate toll treatment of the proposed facilities.

The Board is also conducting an environmental screening in accordance with the *Environmental Assessment and Review Process Guidelines Order* to determine whether, and, if so, the extent to which, there may be any potential adverse environmental effects arising from these applications.

Hearings Scheduled

1. *North Canadian Oils Limited - GH-2-90*

The Board set down for public hearing, commencing 19 June 1990 in Ottawa, applications by North Canadian for new licences authorizing the export of natural gas to Consumers Power Company

and Midland Cogeneration Venture Limited Partnership. Consumers Power is a Michigan-based joint gas and electric distribution company and Midland is a Michigan-based cogeneration project.

North Canadian proposes to export 283 300 cubic metres (10 million cubic feet) of gas per day for the period ending 31 October 2000.

The Board will be conducting an environmental screening of the application by means of written submissions. (Refer to item 2e under *Matters Considered by Written Submissions*.)

2. *Husky Oil Operations Ltd. and Mobil Oil Canada, Ltd.- GH-3-90*

The Board set down for public hearing, commencing 31 July 1990 in Ottawa, applications by Husky and Mobil to export natural gas.

Husky, on behalf of itself and as agent for Canterra Energy Ltd., proposes to export some 3 154 million cubic metres (111.3 billion cubic feet) of natural gas for a period of 15 years and three months commencing 1 August 1992. The gas would be exported near Cornwall, Ontario and would be sold to Power City Partners, L.P. for use in a proposed cogeneration facility near Massena, New York.

Mobil requested three licences to export some 4 438.3 million cubic metres (156 676.4 million cubic feet) of natural gas for periods of up to 13 years commencing 1 November 1990. The gas would be exported near Huntingdon, British Columbia and would be used as system supply by three local distribution companies located in Washington and Idaho.

The Board will be conducting an environmental screening of the applications by means of written submissions. (Refer to item 2f under *Matters Considered by Written Submissions*.)

Matters Considered by Written Submissions

1. *Review of Aspects of the Market-Based Procedure - GHW-4-89*

Reasons for Decision dated March 1990, issued 15 March 1990.

On 18 December 1989, the Board decided on its own motion to review the role that benefit-cost analysis should play in the Market-Based Procedure employed by the Board in considering applications to export natural gas.

The Board took that decision in light of concerns expressed by interested parties in respect of recent hearings to consider export applications and at a

November workshop held by Board staff to discuss benefit-cost analysis. (Refer to item 1 under *Gas Matters*.)

The Board also decided to seek parties' views on the extent to which it should, as part of the Market-Based Procedure, examine the provisions of export contracts to determine whether those contracts allow flexibility in order to reflect changing market conditions over time.

The Board decided it will no longer use benefit-cost analysis in considering applications for export licences. The Board also decided that, with respect to contract flexibility, it will

operate on the presumption that, where contracts are freely negotiated at arm's length, they will be in the public as well as the private interest.

2. *Environmental Screening of Gas Export Proposals*

The Board is conducting environmental screenings, in accordance with the *Environmental Assessment and Review Process Guidelines Order*, of various export proposals to determine whether, and, if so, the extent to which, there may be any potential environmental effects and social effects directly related to those environmental effects. The following are being screened:

- (a) exports, which the Board approved in November 1989, by Amoco Canada Petroleum Company Ltd. and Consolidated Edison Company of New York Inc., ProGas Limited, Western Gas Marketing Limited to the northeastern United States and ICG Utilities (Ontario) Ltd. which is a proposal to export and re-import. (GH-1-89) - GHW-1-90

The submissions received from the applicants and interested parties are being reviewed.

- (b) exports, which the Board approved in August 1989, from the Mackenzie Delta by Esso Resources Canada Limited, Gulf Canada Resources Limited and Shell Canada Limited. (GH-10-88) - GHW-2-90.

Esso, Gulf and Shell are required to file written submissions with the

Board. Interested parties have 30 days after Esso, Gulf and Shell have filed their written submissions to comment on those submissions or file a written submission. Esso, Gulf and Shell will then have 15 days to file any reply they may have on the submissions of interested parties.

- (c) six export proposals being considered in the GH-6-89 proceedings (Refer also to item 2 under *Hearing Decisions Pending*). This environmental screening is being conducted separately from the GH-6-89 public hearing. - GWH-3-90

The submissions received from the applicants and interested parties are being reviewed.

- (d) exports that the Board had previously denied in GH-1-89, but has reconsidered in GH-1-90. (Refer to

item 3 under *Hearing Decisions Pending*.) -GHW-4-90

The submissions received from the applicants and interested parties are being reviewed.

- (e) application by North Canadian for new export licences. North Canadian was given until 5 June 1990 to file the information set out in a letter from the Board dated 8 May 1990. (Refer to item 1 under *Hearings Scheduled* and item 5 under *Gas Matters*.)
- (f) applications by Husky and Mobil to export natural gas. Husky was given until 29 May 1990 to file the information set out in a letter from the Board dated 8 May 1990. The Board will issue a letter to Mobil in early June requesting that it provide information on the screening. (Refer to item 2 under *Hearings Scheduled*.)

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either dormant or still under review.

Company	Date of Application	Description
Dormant		
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System
4. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to the United States (Venture Project)
5. Foothills Pipe Lines Ltd.	30 October 1989	Certificate to construct the Mackenzie Valley Pipeline
Under Review		
6. Rochester Gas and Electric Corporation	24 November 1989	Import and export of natural gas
7. The New Brunswick Electric Power Commission	16 February 1990	Export of electricity
8. L & J Energy Systems, Inc.	26 March 1990	Export of natural gas and transportation service
9. North Canadian Marketing Inc.	12 April 1990	Export of natural gas
10. Northridge Petroleum Marketing Inc.	8 April 1990	Export and import of natural gas

Other Regulatory Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, or to authorize toll adjustments.

Since the 1 March 1990 edition of the Agenda, the following major matters have been considered by the Board or are still pending.

Reviews

1. *Interprovincial Pipe Line Company, a Division of Interhome Energy Inc. - OHW-1-89*

In late 1986, the Board commenced a review of its decision to adopt recommendation 5.9 made by the Board's panel investigating a fatal accident in 1985 on Interprovincial's pipeline near Camrose, Alberta. The recommendation required pipeline companies under the Board's jurisdiction to remove certain welds and to check the soundness of a sample of other welds.

On 22 July 1988, the Board informed industry that it agreed with a two-phase process of review suggested by industry. The first phase consisted of a program of inspection or sampling with the intent of gathering evidence for the review. The evidence was due to be filed by the companies by 31 December 1988. Submissions were received from five companies: Dome Petroleum Ltd. (now Amoco Canada Resources Limited), Interprovincial Pipe Line Company, Petroleum Transmission Company, Trans Mountain Pipe Line Company Ltd., and Trans-Northern Pipelines Inc. The second phase consists of a review of the recommendation in view of the submissions filed. The procedures to be followed in the review are specified in Order OHW-1-89.

Interested parties were to provide their comments on the submissions by 6 October 1989, later extended to 3 November 1989. The parties' comments are currently under review.

At the same time, the Board requested the remaining companies under its jurisdiction and interested parties to the proceeding to provide additional information.

In a related matter, the Board invited industry to submit comments on the eleven other recommendations made in the inquiry panel's report. On 22 January, 14 April, 22 July 1988, and 16 February 1989, the Board made a number of decisions in respect of the recommendations and approved corresponding amendments to the *Onshore Pipeline Regulations*.

Reasons for Decision are expected this summer.

2. *Canterra Energy Ltd., Shell Canada Limited, Norcen Energy Resources Limited, Poco Petroleum Ltd. and Western Gas Marketing Limited - (GH-8-88)*

Canterra, Shell, Norcen, Poco and Western Gas applied on 2, 13, 19 and 26 October and 1 November 1989 respectively, to amend the condition in their licences that limits the annual volume of exports to Midland Cogeneration Venture Limited Partnership to no more than those to Consumers Power Company.

In the Board's decision of 28 June 1989 on the proceedings held under GH-8-88, the Board had authorized the companies to export natural gas to Midland and Consumers and had conditioned the licences such that the annual volume of exports to Midland may not exceed those to Consumers. (Refer also to item 1 under *Appeals*.)

All the applicants requested a change to the annual matching condition contained in their export licences. Canterra, Norcen, Poco and Shell requested a change such that, if, after a period of ten years from the date of commencement, the volume of gas exported to Midland is greater than that exported to Consumers, the Board may impose reasonable and necessary terms and conditions in order to bring Midland's total sales back into line with those of Consumers. Western Gas Marketing requested a similar change but with a review period after eight years.

The applicants argued that the annual matching condition would create substantial operational, financial and regulatory difficulties for Midland. The Board was persuaded by the arguments and decided, on 22 January, to recommend to the Governor in Council that the licences be amended to provide the exporters with greater flexibility.

The decision to amend the licences remains in conformity with the intent of the Board's original decision.

The amendments to the licences were approved by Governor in Council on 3 May 1990.

3. *The Council of Canadians - Application for Re-hearing of Mackenzie Delta Gas Export Applications - (GH-10-88)*

The Council of Canadians applied on 15 November 1989 for a re-hearing of the applications by Esso Resources Canada Limited, Gulf Canada Resources Limited and Shell Canada Limited to export natural gas from the Mackenzie Delta.

The Board approved the exports in August 1989 and issued its Reasons for Decision in October 1989.

In its application, the Council of Canadians stated that it was applying for a re-hearing on the grounds that there is doubt as to the correctness of the decision because several important considerations were overlooked or not taken fully into account, and more particularly that the requirements imposed upon the Board under Section 118 of the *NEB Act* were not properly tested against the effects of Article 904 of the *Free Trade Agreement*.

On 22 November, the Board sent a letter clarifying that it would treat the application as a request for a review of the GH-10-88 decision and requested comments from parties to the original hearing on whether the Council had made a case justifying a review.

On 29 March, after review of the comments of interested parties and the Council's reply, the Board denied the application. The Board was not persuaded that the application for a review raised a doubt as to the correctness of the Board's decision in GH-10-88. In the Board's view, the points set out in the application were raised during the public hearing held to consider the applications to export Delta gas, were considered by the Board in arriving at its decision, and were appropriately dealt with in the Board's Reasons for Decision.

4. *Dene-Metis Negotiations Secretariat - Mackenzie Delta Gas Exports (GH-10-88)*

On 22 January 1990, the Secretariat filed an application dated 8 January 1990 for a review of the Board's decision of October 1989 granting licences to three companies, Esso Resources Canada Limited, Gulf Canada Resources Limited and Shell Canada Limited to export Mackenzie Delta natural gas to the United States. The Secretariat requested that the Board review the question of whether conditions which protect the legitimate

interests of Northerners should be attached to the gas export licences.

The Secretariat was seeking to have conditions included in the licences with regard to training programs and employment for Northerners.

On 15 February, the Board sent a letter to the Secretariat advising it that the Board was inviting interested parties to the original hearing to comment on whether the Secretariat had made a case justifying a review.

On 3 May, after review of the comments of interested parties, the Board denied the application. The Board was not persuaded that the application for a review raised a doubt as to the correctness of the Board's decision in GH-10-88. In the Board's view, the points set out in the application were raised during the public hearing held to consider the applications to export Delta gas, were considered by the Board in arriving at its decision, and were appropriately dealt with in the Board's Reasons for Decision.

5. *Five Applications for Review of the GH-1-89 Export Decision*

The Board received five applications for review of the GH-1-89 decision in which the Board denied four applications for gas export licences. The Board decided to deal with those applications through a public hearing. (Refer to item 3 under *Hearing Decisions Pending* and item 2c under *Matters Considered by Written Submissions*.)

6. *Interprovincial Pipe Line Company, a Division of Interhome Energy Inc. - RHW-1-89*

In a joint submission dated 19 February 1990, the Independent Petroleum Association of Canada and the Alberta Petroleum Marketing Commission applied for a review of

Chapter 6, which deals with the toll treatment of special facilities and operating costs, of the Board's Reasons for Decision in RHW-1-89 dated November 1989 in respect of toll design for Interprovincial.

Interprovincial had filed, on 29 June 1988, a study on the design of its tolls in compliance with the Board's Reasons for Decision RH-4-86 dated June 1987. The Board conducted a hearing by means of written submissions to consider the study and issued its Reasons for Decision in November 1989.

On 22 March, the Board denied the application for review. The Board was not persuaded that doubt had been raised as to the correctness of the decision.

7. *Alberta Natural Gas Company Ltd*

By letter dated 14 February 1990, ANG applied for a review of the Board's decision directing it to modify the calculation of its monthly cost of service for tariff and billing purposes.

As a result of reviewing the 1989 surveillance report for the quarter ended 30 September 1989 and the 1990 financial and throughput forecast for ANG, the Board directed ANG on 21 December 1989 to modify its calculation of monthly cost of service for tariff and billing purposes.

In its application for review, ANG requested that it be permitted to continue to use the previous calculations.

On 22 March, the Board decided to conduct the review and established the due dates for the receipt of submissions from ANG and interested parties.

The submissions received are currently under review.

Appeals

1. *Midland Cogeneration Venture Limited Partnership (GH-8-88)*

By application dated 31 July 1989, Midland applied to the Federal Court of Appeal for leave to appeal the Board's decision of 28 June 1989 on the proceedings held under GH-8-88. The Board had authorized five Canadian companies to export natural gas to Midland and Consumers Power Company and had conditioned the licences so that the annual exports to Midland not exceed those to Consumers. In its application, Midland requested the Court to defer action on the application for leave to appeal pending the filing and consideration of applications to the Board for amendments to the licences in question.

On 21 September 1989, the Federal Court of Appeal nonetheless granted Midland leave to appeal. On 17 November 1989, Midland filed its Notice of Appeal with the Court.

On 11 May 1990, Midland filed a Notice of Discontinuance with the court. The case will not be pursued further. (Refer to item 2 under *Reviews*).

2. *Western Gas Marketing Limited, as agent for TransCanada PipeLines Limited, Indeck Gas Supply Corporation, Niagara Mohawk Power Corporation and Shell Canada Limited (GH-1-89)*

On 20 November 1989, the Board issued its decision in respect of GH-1-89 in which it denied four applications for gas export licences. The Board's Reasons for Decision were issued on 21 December 1989.

On 20 December 1989, Western Gas Marketing filed with the Federal Court of Appeal a Notice of Motion requesting an extension of time within which to file an application for leave to appeal. The *National Energy Board Act* requires that applications for leave

to appeal be filed with the Court within one month after the making of the decision sought to be appealed from. In the case at hand, Western Gas Marketing had not had an opportunity within the one-month period to review the Board's Reasons for Decision. On 3 January 1990, the Court granted the application and provided that the time within which an application for Leave to Appeal may be filed be extended up to and including 15 days from the date the Reasons for Decision of the Board are received by Western Gas Marketing.

On 19 December 1989, Indeck also filed an application for an extension of time within which to file an application for Leave to Appeal as well as a Notice of Application for Leave to Appeal. Shell filed a similar application for an extension of time on 19 December and filed an application for Leave to Appeal on 9 April 1990. Niagara Mohawk, on 20 December, filed with the Court an application for Leave to Appeal the Board's decision.

All these actions relate generally to the fairness of the procedure used by the Board in conducting its benefit-cost analysis in assessing the export applications in question and to the question of whether the use of benefit-cost analysis to restrict exports is contrary to the *Free Trade Agreement*. (Refer to item 3 under *Hearing Decisions Pending* and item 2d under *Matters Considered by Written Submissions*).

3. *Industrial Gas Users Association*

On 28 May 1990, IGUA filed with the Federal Court (Trial Division) a Notice of Motion for an Order of the Court finding that the Board disobeyed the order of Madam Justice Reed of the Federal Court dated 12 February 1990. IGUA has also requested an Order of the Court requiring compliance with the Order of Madam Justice Reed. In February, the Board was ordered by the Federal Court to consider the

question of alternative toll methodologies in the current GH-5-89 proceeding. (Refer to item 1 under *Hearing in Progress*). In so doing, the Board decided that the question of the tolling methodology would relate only to the facilities being considered in that proceeding and not to facilities that have already been certificated. IGUA's proposal would have a new tolling methodology apply to facilities beyond those to be considered in that proceeding. The question raised by IGUA, therefore, relates to an interpretation of the Order of Madam Justice Reed.

Gas Matters

1. *Workshop on Cost-Benefit Analysis and Export Impact Assessment*

The Board held a workshop in conjunction with the Canadian Energy Research Institute (CERI), at CERI's office in Calgary on 27 November 1989 to discuss technical matters related both to benefit-cost analysis and the analysis of the impact of incremental exports on Canadian gas markets (the Export Impact Assessment).

The session on benefit-cost analysis provided for an exchange of ideas on methodological matters including, for example, whether to use forecast or licensed exports, and average rather than project-specific direct production costs in calculating total incremental production costs, and the appropriate treatment of by-product revenues.

Board staff issued a technical paper on benefit-cost methodology early in November. The Board had previously issued a technical paper on the Export Impact Assessment, as Appendix C to its 7 September 1989 call for comment on the proposed amendment to information requirements for the Export Impact Assessment.

A report of the proceedings will be issued in the near future.

2. ANR Pipeline Company - Priority Rights

By letter dated 20 November 1989, ANR requested that the Board convene a public hearing to consider the issue of "Priority Rights" on the TransCanada PipeLines Limited system (i.e. ANR's right to convert its sales contracts to transportation contracts so that the capacity presently available for transportation of ANR's sales volumes may be utilized by it for transportation of alternate supplies, and also its right to renew its existing gas sales service contracts with TransCanada).

On 8 March, the Board denied the application. The Board was satisfied that the issue had been thoroughly dealt with during the hearing on TransCanada's 1988 and 1989 tolls, held under RH-1-88, Phase II to which ANR was an interested party. The Board stated that ANR had failed to bring forward new evidence that would warrant reviewing the issue and, therefore, the Board found no compelling reason why it should convene a public hearing at this time.

3. Esso Resources Canada Limited - Amendment to a Gas Sales Contract

On 26 September 1989, Esso applied to the Board for approval of an amendment to a Gas Sales Contract dated 11 December 1980 between Esso, Transco Energy Marketing Company and Transcontinental Gas Pipe Line Corporation.

The Amending Agreement would provide for the following changes to the original Gas Sales Contract:

- a. the level of take or pay would be reduced from 75 percent to 65 percent;
- b. the "Fuel Gas" component of the Commodity Charge would be separated from the Commodity Charge and dealt with as a distinct charge; and

- c. the cap on the "Current Exchange Rate" would be raised from US \$0.80 to US \$1.00.

The application is currently under review.

4. Poco Petroleums Ltd. - Amendments to Gas Purchase Agreements

On 7 November 1989, Poco applied to the Board for approval of ten Letter Agreements to amend the Gas Purchase Agreements under Poco's export Licences GL-117 and GL-118.

Licences GL-117 and GL-118 authorize exports to Consumers Power Company and Midland Cogeneration Venture Limited Partnership.

The primary consequence of the above-referenced amendments is to revise each of the Gas Purchase Agreements under Licences GL-117 and GL-118 to effect a reduction in the maximum daily quantity from 708 100 cubic metres (25 million cubic feet) per day to 424 900 cubic metres (15 million cubic feet) per day and to change the point of delivery from points in Michigan to the outlet of the TransCanada PipeLines Limited system near Emerson, Manitoba.

Poco contended that the submitted Letter Agreements do not materially affect the condition under which gas would be exported except to reduce the quantity of gas delivered to the buyers.

The application is currently under review.

5. Poco Petroleums Ltd. and North Canadian Oils Limited - Assignment of Portions of Licences GL-117 and GL-118

On 24 November 1989, Poco and North Canadian, as joint applicants, applied to the Board to assign a portion of Poco's Licences GL-117 and GL-118 to North Canadian.

As indicated in item 4 above, Poco applied to the Board for approval to

reduce its exports under Licence GL-117 to Consumers Power Company and under Licence GL-118 to Midland Cogeneration Venture Limited Partnership by 283 300 cubic metres (10 million cubic feet) per day.

Consumers and Midland have entered into a Gas Purchase Agreement with North Canadian to purchase an equivalent volume of 283 300 cubic metres (10 million cubic feet) per day.

On 24 April 1990, the Board advised the applicants that in view of the fact that the proposed North Canadian exports will use a gas supply that is entirely different from that of Poco, the Board considered the applications to be applications for new licences and decided to set them down for public hearing. As a result, Poco advised the Board that it was withdrawing as a joint applicant.

As a consequence of Poco's withdrawing as a joint applicant, the Board decided that it will consider the applications as applications for new licences by North Canadian. (Refer to item 1 under *Hearings Scheduled*.)

Poco applied on 10 May 1990 for amendments to Licences GL-117 and GL-118 to reduce the volumes by 283 300 cubic metres (10 million cubic feet) per day and the corresponding annual and term volumes.

6. ProGas Limited Amending Agreements - Natural Gas Pipeline Company of America

On 7 May 1990, ProGas applied for approval of two Amending Agreements to its Gas Export Sales Agreements dated 17 May 1979 with NGPL.

The Amending Agreements would amend the commodity charge component of the export price and the minimum annual purchase obligation.

The application is currently under review.

7. *ProGas Limited - Amending Agreement - ANR Pipeline Company*

On 1 November 1989, ProGas applied for approval of an Amending Agreement to its Gas Sales Agreement dated 17 May 1979 with ANR.

The Amending Agreement would amend the commodity charge component of the export price, as well as the demand charge component.

The application is currently under review.

8. *Shell Canada Limited - Gas Purchase Agreement and Amendment to Licence GL-100*

On 21 December 1989, Shell applied for approval of an executed Gas Purchase Agreement with Granite State Gas Transmission, Inc. with respect to exports under Licence GL-100.

The Agreement supersedes a Precedent Gas Purchase Agreement dated 27 July 1989 as well as a Precedent Gas Agreement dated 25 September 1986 which underpinned export authorizations at Niagara Falls, Ontario.

Shell also applied for an amendment to Licence GL-100 to change the export point from Niagara Falls to Iroquois, Ontario.

The application is currently under review.

9. *TransCanada PipeLines Limited - Queuing Procedures*

On 15 August 1989, TransCanada requested the Board to clarify certain aspects of the Board's Reasons for Decision dated June 1989 on TransCanada's 1988 and 1989 tolls held under RH-1-88, Phase II, with respect to section 9.10, "Queuing Procedures".

On 30 October 1989, the Board provided TransCanada with the requested clarification. In the same letter, the

Board directed TransCanada to submit its proposed Queuing Procedures to the Board for review and to interested parties for comment.

TransCanada filed its revised Queuing Procedures on 5 December 1989.

By letter dated 12 March, TransCanada requested that the Board give early consideration to clause 4.6 of the Queuing Procedure which deals with financial arrangements. On 5 April, the Board decided to deny the inclusion of clause 4.6 in the Queuing Procedure.

With the exception of clause 4.6, the other aspects of TransCanada's proposal are still being considered by the Board.

10. *Western Gas Marketing Limited, as Agent for TransCanada PipeLines Limited - Amendment to Licence GL-18 and Contract Amendments*

On 23 October 1989, Western Gas Marketing, as agent for TransCanada, applied for approval of an amendment to Licence GL-18 which would extend the expiry date from 31 October 1989 to 31 October 1992.

Licence GL-18 authorizes TransCanada to export natural gas to Midwestern Gas Transmission Company (now Viking Gas Transmission Company). The extension was requested so that TransCanada could export volumes that were not exported during the term of the licence.

The applicant also requested approval of several amendments to the original contract. Western Gas Marketing stated that on 1 December 1986, TransCanada stopped reporting exports under GL-18. Since that date volumes previously allocated to Licence GL-18 have been reported under various short-term orders. TransCanada would like to resume reporting a portion of the volumes it exports under short-term order GO-50-89 under Licence GL-18 and use the licence until

31 October 1992. Accordingly, Western Gas submitted copies of contractual amendment documentation pertaining to its sales arrangements with Midwestern that have been executed since December 1986, (the date on which TransCanada stopped reporting exports under GL-18.)

The application is currently under review.

11. *Direct Energy Marketing Limited - Position in TransCanada PipeLines Limited's Queue*

By application dated 17 July 1989, Direct Energy applied to the Board for orders directing TransCanada to provide capacity and to reinstate Direct Energy to the position in TransCanada's firm service queue that it held as of 22 March 1989.

On 27 July 1989, the Board issued an interim order directing TransCanada to reserve for Direct Energy the capacity, 171 000 cubic metres (6 million cubic feet) of gas per day, originally dedicated to Direct Energy. The interim order would remain in effect until otherwise ordered by the Board.

The Board found Direct Energy's application with respect to the provision of transportation services and suitable facilities to be premature and, accordingly, reserved consideration of the application until the Board rendered a decision on Direct Energy's export application.

On 20 November 1989, the Board denied Direct Energy's export application.

On 10 January 1990, Direct Energy applied to the Board for an interim order directing TransCanada to retain Direct Energy's position in its queue. The application was made in the event that the Board rescinded the existing interim order, since Direct Energy's application for an export licence had been denied.

Direct Energy stated in its application that it intended to apply for a review of the Board's decision to deny its export application because of new facts and circumstances. Direct Energy further stated that it would be imprudent to apply for such a review until such time as the Board had made its final determination on its review of the aspect of the Market-Based Procedure. (Refer to item 3 under *Hearing Decisions Pending*, item 2d under *Matters Considered by Written Submission* and item 5 under *Reviews*.)

On 8 February 1990, the Board decided that it would defer issuing an order revoking the 27 July 1989 interim order until it had released a decision in respect of Direct Energy's 10 January 1990 application. With respect to the 10 January 1990 application, the Board decided to seek interested parties' comments on the application.

The Board denied that part of the 17 July 1989 application which requested orders requiring TransCanada to provide transportation and suitable facilities for Direct Energy's volumes which had been denied on 20 November.

On 5 April, the Board approved the 10 January 1990 application and issued Order TGI-2-90 directing TransCanada to maintain Direct's position in the queue for service commencing 1 November 1990.

12. *Potters Industries Inc. - Access to TransCanada PipeLines Limited System*

By application dated 19 December 1989, Potters applied for orders requiring TransCanada and Niagara Gas Transmission Limited to receive, transport and deliver natural gas offered by Potters and to provide adequate and suitable facilities to do so. Potters requested firm service from Empress, Alberta to a point where TransCanada's pipeline interconnects with that of Niagara Gas for subsequent delivery by Niagara Gas to Cornwall, Ontario.

Potters requires the transportation service commencing upon first delivery for at least three years or until TransCanada and Niagara Gas enter into a firm transportation agreement with Potters. The gas would be used by Potters at its plant at Potsdam, New York.

Potters also applied for an order fixing the tolls that TransCanada and Niagara Gas may charge for the transportation service and also fixing an operating demand for Potters of up to 17 300 cubic metres (610 thousand cubic feet) of gas per day.

On 6 April a letter was sent to Potters seeking further information on the application. By copy of the letter, Western Gas Marketing and Niagara Gas were invited to comment on whether they would accept a reduction in their respective Operating Demand Volumes (ODV) in the event the Board were to allow a reduction of the ODV due to a displacement to apply to export sales off the TransCanada system into an export market that does not have access to U.S.-sourced gas and is thus, entirely dependent upon Canadian gas imports.

The application is still under review.

13. *Westcoast Energy Inc. - Licences GL-93 and GL-94*

On 8 September 1989, Westcoast applied to the Board to vary and consolidate Licences GL-93 and GL-94. Westcoast also applied to have both licences assigned to Westcoast Energy Marketing Ltd.

Licences GL-93 and GL-94 authorize exports at Huntingdon and Kingsgate, British Columbia and Monchy, Saskatchewan of some 23.1 billion cubic metres (820 billion cubic feet) of natural gas over the term of the licences. Licences GL-93 and GL-94 terminate on 31 October 1995 and 31 October 1992, respectively.

By its application, Westcoast is seeking to consolidate Licences GL-93 and GL-94 into a new single licence and to extend the expiry date of the new licence to 31 October 2004, but without changing the term volumes as currently authorized for export under the existing licences. Westcoast also requested that the new licence, if approved, be assigned to its wholly owned subsidiary, Westcoast Energy Marketing Ltd.

The terms and conditions of the proposed amended and consolidated licence for issuance to Westcoast Marketing would be as follows:

Term:	1 November 1989 to 31 October 2004
Maximum Daily:	4 524.8 10 ³ m ³ (160 MMcf)
Maximum Annual:	1 651.5 10 ⁶ m ³ (58.3 Bcf)
Maximum Term:	23 228.0 10 ⁶ m ³ (820 Bcf)
Export Points:	Huntingdon and Kingsgate, B.C.

On 21 December 1989, the Board decided to seek interested parties' comments on the application.

The comments and reply are currently under review.

14. *Shell Canada Limited - Position in TransCanada PipeLines Limited's Queue*

By application dated 15 February 1990, Shell applied for an order, or interim orders, with respect to its position in TransCanada's queue for service commencing 1 November 1990.

As part of its decision in GH-1-89 dated 20 November 1989, the Board denied an application by Shell to export natural gas.

On 24 November 1989, TransCanada gave notice to Shell of its intention to terminate a precedent agreement, by which TransCanada had agreed to

transport Shell's volumes, because Shell had not obtained the export authorization.

Shell applied to the Federal Court of Appeal on 19 December with respect to the Board's GH-1-89 decision. (Refer to item 3 under *Hearing Decisions Pending*, item 5 under *Reviews* and item 2 under *Appeals*.)

Shell requested the order, or orders, so that TransCanada would maintain Shell's position in its queue so that it could continue to pursue remedies regarding the denial of its export application.

On 8 March 1990, the Board approved the application and issued interim Order TGI-1-90.

15. Indeck Gas Supply Corporation - Position in TransCanada PipeLines Limited's Queue

By application dated 12 April 1990, Indeck applied for an order or interim orders directing TransCanada to maintain for Indeck the position its holds in TransCanada's queue for firm transportation service for the contract year commencing 1 November 1990.

On 20 November 1989, as part of its decision in GH-1-89, the Board denied an application by Indeck to export natural gas.

TransCanada advised Indeck that it would extend to 30 April the termination of the precedent agreement by which TransCanada had agreed to transport Indeck's volumes. TransCanada agreed to the extension because Indeck was intending to file an application for review of the Board's decision on GH-1-89.

By Order GH-1-90, the Board set down for public hearing Indeck's application for review. (Refer to item 3 under *Hearing Decisions Pending*, item 2d under *Matters Considered by Written Submissions* and item 2 under *Appeals*.)

Indeck requested the order in the event that the Board did not render a decision on its application for review prior to 30 April 1990.

The Board approved the application on 25 April 1990 and issued interim Order TGI-3-90.

16. Alberta Northeast Gas Export Project

On 12 March 1990 the following three joint applications requesting orders to amend gas export licences GL-102, GL-103, GL-104 and GL-105 were filed:

- a) GL-102:
Alberta Northeast Gas, Limited ("ANE") and Western Gas Marketing Limited;
- b) GL-103:
ANE and ProGas Limited; and
- c) GL-104/GL-105:
ANE, Atcor Ltd. and AEC Oil and Gas Company, a Division of Alberta Energy Company Ltd.

The Board had issued the above-noted licences in March 1987 authorizing exports via Iroquois, Ontario to 18 local distribution companies in the northeastern United States.

The Board is currently holding public hearings on the facilities required to deliver the volumes via Iroquois. (Refer to item 1 under *Hearing in Progress*.)

The applicants have applied to vary the daily and annual volumes, but not the term volumes, so as to provide for a phase-in of the Iroquois volumes for the first year of the licence, a corresponding extension of the licence term to reflect deferred phase-in volumes and a forward shift of the licence term to coincide with the in-service date of 1 November 1991 of the Iroquois Gas Transmission System (the proposed pipeline which will transport the volumes in the United States).

In the case of Licences GL-104 and GL-105, an amendment was also requested so as to incorporate the terms of a Backstop Agreement dated November 7, 1986 between ATCOR Ltd. and AEC Oil and Gas Company, a division of Alberta Energy Company under which ATCOR or AEC may, in accordance with the terms and conditions of the Backstop Agreement, transfer portions of AEC's gas supply rights to ATCOR and ATCOR may export those quantities of natural gas under Licence GL-104, with offsetting reductions applying to Licence GL-105.

The applications are currently under review.

17. ICG Transmission Holdings Ltd., Northern Minnesota Utilities and ICG Utilities (Ontario) Ltd. - Assign and Vary Licences GL-28, GL-29 and GL-30

The above-noted three companies, in a joint application dated 26 April 1990, applied to:

- assign Licence GL-28 from ICG Transmission to Northern Minnesota; and
- assign Licence GL-29 from ICG Transmission to Northern Minnesota and add Sprague, Manitoba as an export point and Rainy River, Ontario as an import point. This request will not result in any increase in the volume presently authorized under the Licence; and
- assign Licence GL-30 from ICG Transmission to ICG (Ontario) and decrease the volume by the same amount as the volume authorized for export at Sprague and re-import at Rainy River under Licence GL-29.

The reason for these requested changes in the licences is because Minnesota Pipelines has applied to the Federal Energy Regulatory Commission to

unbundle its services. Once FERC approves the application, Minnesota Pipelines will no longer be a buyer and seller of gas but will be solely a transporter of gas. In conjunction with Minnesota Pipelines' unbundling its services, ICG Transmission will also unbundle its services and become solely a transporter of gas.

Once unbundling occurs, revised export authorizations are required from the Board in order to reflect the new contractual arrangements and to continue the flow of natural gas to customers.

The application is currently under review.

18. *The City of Warroad - Application for an Export Order*

(Refer to item 17 above)

In light of Minnesota Pipelines' unbundling its services, the City of Warroad, Minnesota applied to the Board for an order to export 30 thousand cubic metres (1 million cubic feet), per day of natural gas for a 20-year period.

Currently Warroad purchases gas from Minnesota Pipelines under Licence GL-28. Once FERC approves the application of Minnesota Pipelines to unbundle its services, Minnesota Pipelines will no longer be a buyer and seller of gas to Warroad, but will be solely a transporter of gas. Warroad intends to purchase gas from Western Gas Marketing Limited.

The application is currently under review.

Pipeline Matter

1. *TransCanada PipeLines Limited - Blackhorse Pipeline Extension*

On 20 July 1989, TransCanada applied for approval to construct 20 kilometres of pipeline and associated facilities for service beginning 1 November 1990.

The pipeline would extend from TransCanada's Niagara Line to a delivery point near Chippawa, Ontario and is estimated to cost \$33.3 million. The extension would interconnect with the proposed Empire State Pipeline serving central and western New York State.

The Board informed TransCanada on 2 October 1989 that the application will be considered by some form of hearing following elimination of certain deficiencies in the application.

Traffic and Toll Matters

1. *Alberta Natural Gas Company Ltd - Review of Tariff*

On 3 August 1989, the Board directed ANG to review its gas transportation contracts with its shippers with a view to eliminating certain shortcomings, including the elimination of discriminatory tariff provisions and the establishment of clear terms of access in a published uniform tariff. The Board directed the company to file the uniform tariff by 1 November 1989.

On 31 August 1989, ANG petitioned the Board to reconsider and withdraw the directives set forth in the Board's letter of 3 August 1989.

The Board decided in October to review its earlier directives. To enable full consideration of all parties' views, the Board decided to solicit comments on the merits of the directives set out in the Board's letter of 3 August 1989.

After reviewing the comments received and ANG's reply, the Board decided, on 21 December 1989, not to withdraw its directives of 3 August, and then set 1 March 1990 as the deadline for the company to complete the review of its contracts and file a uniform tariff for the Board's approval.

On 26 February 1990, ANG requested an extension of the 1 March 1990 deadline for filing its interim tariff.

On 5 March 1990, the Board extended the filing date to 12 April 1990. On 11 April 1990, ANG filed its tariff with the Board. The Board is now in the process of reviewing the filing.

2. *Trans Mountain Pipe Line Company Ltd. - Class 2 Toll Application*

On 30 October 1989 Trans Mountain applied to adjust its tolls for the transportation of crude oil, refined and semi-refined products, effective 1 January 1990.

On 5 April, the Board approved an average increase of 31.2 percent in the tolls to be charged by Trans Mountain. About two-thirds of the increase is attributable to a 52-percent increase in the rate base. The remaining one-third of the toll increase is due to higher operating expenses.

Trans Mountain had applied for an average increase of 31.7 percent, based on a revenue requirement of \$80,451,000. The Board reduced the amounts allocated to the NEB cost-recovery program and fuel and power costs, and approved a revenue requirement of \$80,021,000.

By letter dated 11 April 1990 Trans Mountain reduced its 1990 revenue requirement by \$702,000 to reflect a reduction in fuel and power costs due to a reduction in throughput. The Board accepted Trans Mountain's adjusted cost of service of \$79,319,000.

The Board approved a rate base of \$155.5 million for 1990, an increase of 52.5 percent over the amount of \$102 million approved for 1989. The increase in the rate base results from the inclusion of the major portion of a \$57-million expansion of the pipeline system carried over from 1989 and the inclusion of the regular 1990 capital program of about \$8.9 million.

The Board also approved Trans Mountain's updated throughput

forecast of 27 690 cubic metres per day, an increase of 1.7 percent over the 1989 approved forecast.

On 21 April, the Board issued Order TO-2-90.

3. *Interprovincial Pipe Line Company, a Division of Interhome Energy Inc. - Class 2 Toll Application*

Interprovincial applied on 30 October 1989 to adjust its tolls for the transportation of oil and related products to be effective 1 January 1990.

Interprovincial requested a toll increase of approximately 15 percent.

On 8 March, the Board decided that certain modifications to the tolls contained in the application were required. The Board also decided to direct Interprovincial to recalculate its tolls to be effective 1 April 1990 using the toll design approved by the Board in the RHW-1-89 Reasons for Decision dated November 1989 in respect of toll design for Interprovincial.

The Board directed IPL to file and serve its revised tolls, supporting schedules and a draft tariff upon interested parties, by 22 March.

On 30 March, the Board approved the revised tolls and the tariff and issued Order TO-1-90.

4. *Toll Adjustment Procedures*

On 29 January, the Board decided to seek parties' comments concerning the toll adjustment procedures for Interprovincial Pipe Line Company, a division of Interhome Energy Inc., Trans Mountain Pipe Line Company Ltd. and Trans-Northern Pipelines Inc. as set out in Orders TO-4-85, TO-5-85 and TO-6-85, respectively.

The Board initiated a review of the continued appropriateness of the current toll adjustment procedures for Interprovincial, Trans Mountain and

Trans-Northern because recent experience indicates that there are difficulties with the procedures, as evidenced, for example, by uncertainty regarding various deadlines, and the need to grant extensions.

The comments and the replies are currently under review.

5. *Westcoast Energy Inc. - Toll Surcharges - Task Force's Report*

The Board is currently reviewing a report filed by the task force that was established to review the applicability of toll surcharges to expansions of Westcoast's raw gas transmission facilities.

It was during its review of Westcoast's application for the construction of the Pine and Commotion pipelines in August 1989 that the Board invited Westcoast to set up the task force. The Board had expressed its concern that there does not appear to be any clearly established criteria to assess whether a surcharge is appropriate and, if appropriate, what its level should be. The Board also specified that it wishes to establish specific criteria that can be applied to future facility expansions.

Oil Matters

1. *Esso Petroleum Canada - Export Order*

Under the Part VI Regulations, exports of high-sulphur crude oil to be transported by marine vessels from the west coast of Canada must be authorized by a specific order issued by the Board. The high-sulphur designation refers to crude oil that has a sulphur content greater than 0.9 percent by weight. This requirement was put into effect in December 1985 to monitor air quality impact from inadvertent odour emissions.

On 19 April, Esso Petroleum Canada applied to export approximately 985 000 cubic metres of high-sulphur

crude oil in several tanker/barge shipments off the west coast through the Westridge Terminal of Trans Mountain Pipe Line Company Ltd. during the period 1 July 1990 to 30 June 1991.

The Board authorized the shipments on 31 May.

Electricity Matters

1. *Canadian Niagara Power Company Ltd. - Export Order*

On 12 February, Canadian Niagara applied to export 45 megawatts of firm power and 200 gigawatt hours of firm energy to Niagara Mohawk Power Corporation during the period ending 31 December 1990.

On 22 March, the Board approved the application.

2. *Hydro-Québec - Vary Certificate EC-III-22*

By application dated 12 March 1990, Hydro-Québec applied for an amendment to Certificate EC-III-22 so as to increase the authorized transfer capacity on the Bedford-Vermont line by 25 megawatts to 225 megawatts. The requested change would make the line more economic to operate without any change to the operating voltage or the detailed route.

Certificate EC-III-22 was issued in respect of a 120-kilovolt international power line and associated facilities extending for 17.6 kilometres from the Bedford substation in Quebec to the boundary between Canada and the United States. The line is used mostly for exports to Vermont Department of Public Service and Vermont Joint Owners.

In considering the application, the Board determined under the environmental screening requirements of the *Environmental Assessment and Review Process Guidelines Order* that the potentially adverse environmental and

social effects of Hydro-Québec's proposal were mitigable with known technology.

The Board approved the application on 29 March and the amendment to the certificate was approved by Governor in Council on 10 May.

3. *Hydro-Québec - Export of Thermal Electricity - Licence EL-96*

By application dated 18 April 1990 Hydro-Québec requested authorization to export thermal sourced electricity during the period 1 April to 31 October 1990 to New York Power Authority. Hydro-Québec made the request, in accordance with a condition in Licence EL-96, in the event that it encounters difficulty with its system during the period and that it cannot meet its contractual obligations using power and energy generated by means of hydro.

In considering the application, the Board determined under the environmental screening requirements of the *Environmental Assessment and Review Process Guidelines Order*, that the potentially adverse environmental and social effects of Hydro-Québec's proposal were insignificant.

The Board approved the application on 3 May 1990.

4. *The Manitoba Hydro Electric Board - Sale to Minnesota Power Company*

Manitoba Hydro applied on 27 February 1990 for firm sales of power and associated energy for the summer periods, May through October, for the years 1990 and 1991 to Minnesota Power Company. The sales would be done under an existing export licence that authorizes short-term firm sales.

During the summer of 1990, Manitoba Hydro would export 100 megawatts of power and associated energy and during the summer of 1991, 120 megawatts of power and associated energy.

The Board approved the application on 26 April 1990.

Electricity Export

In light of Bill C-23, an *Act to amend the National Energy Board Act*, coming into force on 1 June, the Board will be issuing shortly a Memorandum of Guidance informing parties of the measures the Board intends to take to fully implement the new provisions of its Act and, in particular, to advise parties of immediate changes to the Board's procedures in respect of electricity export and international power lines applications. (Refer to *Amendments to the National Energy Board Act* on page 18)

The Board intends to issue the Memorandum of Guidance in early June

Electricity Review

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review interprovincial electricity trade. Specifically, the Minister asked the Board to review and report on possible measures that could be taken to

- (i) encourage greater interprovincial cooperation between Canada's electrical utilities, and
- (ii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces for wheeling purposes.

In March, the Board advised the Minister of the approach it was proposing to take in conducting the review. In May, the Minister agreed with the suggested approach.

On 11 January, the Board decided that it would carry out the review along two separate tracks. The first will focus on inter-utility cooperation. The second will address questions relating to wheeling and transmission access.

On 2 March 1990, the Board issued a questionnaire on inter-utility cooperation and a staff study entitled "*Inter-Utility Cooperation - A Conceptual Framework*." Comments from interested parties were requested by 12 May, later extended to 11 June.

Canadian Energy Supply and Demand

The Board last published its projections of Canadian energy supply and demand in a report entitled *Canadian Energy Supply and Demand 1987-2005*, September 1988.

Board staff will be updating the projections during 1990 and 1991, separate from any of the Board's current or anticipated regulatory proceedings.

It is intended that a report containing an assessment of the Canadian total energy outlook for the period 1989 to 2010 will be published in mid-1991.

An information package describing preliminary views on assumptions is available on request. The Board asked that any party interested in making comments on these assumptions or in making its views known to Board staff, submit them in writing to the Secretary preferably not later than 31 May 1990. Any such written views will be publicly available in the Board's library in Ottawa and its Calgary office.

Early Public Notification of Proposed Applications - Draft Memorandum of Guidance

On 6 September 1989, the Board issued for comment, by 20 October 1989, a draft Memorandum of Guidance regarding the early public notification of proposed applications for pipeline construction or expansion, export of electricity, or export of high-sulphur crude oil from the west coast of Canada.

To allow the Board to evaluate any public concern over the environment,

the Board decided that it is necessary to ensure full notification to the public of proposed applications having potential environmental and social effects.

The intent of the draft Memorandum of Guidance is to provide for public input during the project planning and development stage which may then be incorporated into applications to the Board. It is anticipated that providing early public notification of proposed applications will improve the Board's regulatory process.

The comments received are currently under review. A new draft of the Memorandum of Guidance is expected to be published in the fall of 1990.

Amendments to the National Energy Board Act

Bill C-23, an amendment to the *National Energy Board Act*, was passed by the House of Commons on 14 December, approved by the Senate and given Royal Assent on 29 March and was proclaimed on 24 May. The Governor in Council issued an Order providing for the bill to come into force on 1 June 1990. The bill includes the incorporation of the new electricity export policy, housekeeping amendments, a reduction in the number of Board Members from 11 to 9, and the provision for the Board to recover the cost of its operations.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The *Onshore Pipeline Regulations* provide for the safe design, construction and operation of onshore oil and gas pipelines. The regulations will be updated and amended to reflect the outcome of Board-industry deliberations on the 12 recommendations

included in the Board's report of June 1986 on an accident on Interprovincial's system in February 1985. (See item 1 under *Reviews*.)

2. Offshore Pipeline Regulations

On 24 November 1988, the Board issued for comment the second draft of its new *Offshore Pipeline Regulations*. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA standard, "CAN/CSA-Z187-M87, Offshore Pipelines", forms the technical basis for the Board's new *Offshore Pipeline Regulations*.

Interested parties had until the end of April 1989 to submit comments. A final draft of the regulations was approved by the Board on 12 July 1989. The draft regulations have been submitted to the Department of Justice for examination.

3. Part VI Regulations

The *Part VI Regulations* are being amended to reflect the new electricity export policy.

As well, other revisions are being proposed to reflect the natural gas Market-Based Procedure and the changes suggested by the Standing Joint Committee on Regulatory Scrutiny. They include the removal of certain provisions respecting export and import reporting requirements, which are now to be included in the *Export and Import Reporting Regulations* (see below). The proposed amendments will be submitted to interested parties for comment.

Also, on 5 February 1990, the Board sent a letter to industry and other interested parties inviting them to comment on several amendments the Board proposes to make as soon as possible with regard to regulation of imports of natural gas authorized by orders and natural gas imports for re-export and

exports for re-import, which are currently authorized by licences.

The Board is proposing to amend subsection 8(1)(b) of the regulations so that imports could be authorized by order for a period of up to 24 months with no volumetric restrictions. Subsection 8(1)(c) will be amended to permit imports of natural gas pursuant to an order for a period of between 24 months and 20 years to a maximum of 30 000 cubic metres per day. These amendments will result in imports of natural gas by order being treated in exactly the same manner as exports.

With regard to long-term natural gas imports for re-export and exports for re-import, these are currently authorized by licence which, in accordance with subsection 24(1) of the *Act*, necessitates the holding of a public hearing. The Board is proposing to amend the regulations so that such shipments could be authorized by order for up to 25 years.

The comments received are currently being reviewed.

The proposed amendments will require examination by the Department of Justice and will need Governor in Council approval.

4. Export and Import Reporting Regulations

These proposed regulations would require companies exporting oil, natural gas, or power, or importing natural gas to provide certain information to the Board. The information is similar to that currently required by the *Part VI Regulations*.

The Board decided to remove the reporting requirements from the *Part VI Regulations* and make these new regulations under subsection 129(1) of the *Act*, on the suggestion of the Standing Joint Committee on Regulatory Scrutiny.

The regulations, which will require Governor in Council approval, will be processed together with the comprehensive amendment to the *Part VI Regulations* noted above.

5. *Regulations Pertaining to Crossings Involving International Power Lines*

Following receipt of comments from interested parties on draft *International Power Line Crossing Regulations*, the Board approved a new draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. *International Power Line Crossings, Construction and Abandonment Regulations*

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. *International Power Line Crossings Regulations*

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

The scope of these regulations is being re-examined in view of the new electricity export policy.

6. *Cost Recovery Regulations*

Pursuant to the government's cost recovery initiative introduced in the May 1985 Budget, the Board completed a feasibility study on recovering the costs of regulation from companies under its jurisdiction. The study received Treasury Board's approval in principle in November 1988. Consultation with industry took place during 1989. The Board submitted a

report on these consultations and implementation options to the Minister who in turn submitted the package to Treasury Board for decision. On 25 February 1990, Treasury Board directed the Board to proceed with 100 percent cost recovery.

Bill C-23 gives the Board the necessary powers to recover costs and draft *Cost Recovery Regulations* have been submitted to the Department of Justice.

On 30 January, the Board issued a further draft of the regulations for comments by interested parties. Comments were due on 30 March. Implementation is currently scheduled for October 1990.

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the *Rules of Practice and Procedure* and the schedules which form part of the rules. The Board has asked all parties to use them, although they must still be published in the *Canada Gazette* before they become binding.

The Department of Justice has completed an initial examination of the rules and the Board is reviewing them in light of the amendments to the *Act* as a result of Bill C-23, recent changes in export regulation and comments from the Department of Justice. The revised draft will require further examination by the Department of Justice and publication in the *Canada Gazette*.

Board Member

William G. Stewart was re-appointed Board Member for a two-year term effective 24 March 1990.

Reports and Speeches

1. *Government Policies and the Regulatory Activities of the National Energy Board*, a presenta-

tion by A. Côté-Verhaaf, Member, to the Symposium to Study the Relations Between Corporations in the Hydrocarbons Sector and Government Authorities, Ecole des Hautes Etudes, in Montreal, Quebec on 9 March 1990.

2. *Issues in Canada - New England Energy Trade*, a presentation by R. Priddle, Chairman, to the New England-Canada Trade Council, in Boston, Massachusetts on 21 March 1990.

3. *Opening Remarks to the House of Commons Standing Committee on Energy, Mines and Resources Respecting the National Energy Board's 1990-91 Estimates*, a presentation by R. Priddle, Chairman, on 5 April 1990.

4. *A Review of Recent Changes in the NEB's Regulation of Gas and Electricity Exports*, a presentation by R.B. Horner, Q.C., Member, to the American Bar Association Fifth Annual Conference, Canada/U.S. Trade in Energy, in Toronto, Ontario on 5 April 1990.

5. *Natural Gas Price Forecasting*, a presentation by P. Miles, Director General, Energy Regulation, to the Vancouver Industrial Gas '90, in Vancouver, British Columbia on 18 April 1990.

6. *A Review of Recent Changes in the NEB's Regulation of Gas and Electricity Exports*, a presentation by R.B. Horner, Q.C., Member, at a C.I.M. Luncheon, in Ottawa, Ontario on 26 April 1990.

7. *Interprovincial vs International Trade in Electricity*, a presentation by A.N. Karas, Director, Electric Power Branch, to the 9th NICE Energy Roundtable Session #4 Regional Electricity Trade in Halifax, Nova Scotia on 25 April 1990.

8. *The New Public Notification Requirements for Proposals before the National Energy Board*, a presentation by P.A. Carr, Director, Environment Branch, to the Canadian Petroleum Association's Workshop, at Fairmount, British Columbia on 2 May 1990.

9. *International and Interprovincial Electricity Trade and Federal Government Electricity Trade Initiatives: An Overview*, a presentation by G. Izsak, Electric Power Branch, to the Canadian

Association of Members of Public Utility Tribunals, at Lake Louise, Alberta on 9 May 1990.

10. *The Federal Environmental Assessment and Review Process Guidelines Order and the National Energy Board*, a presentation by S.P. Pierce, Environment Branch, to the Canadian Association of Members of Public Utility Tribunals, at Lake Louise, Alberta on 10 May 1990.

11. *Natural Gas Trade Between Canada and the United States*, a

presentation by D.B. Smith, Member, to the Rotary Club, in York, Pennsylvania on 16 May 1990.

12. *Issues in Pipeline Regulation*, a presentation by C. Bélanger, Member, to the Fourth Annual Pipeline Conference, in Calgary, Alberta on 16 May 1990.

13. *1989 Annual Report*

14. *Exports of Petroleum Products*, NEB Staff Report, April 1990

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900.

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

Mailing Lists

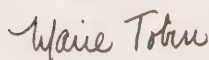
If you are not already on the Board's mailing lists and wish to be added thereto, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

L1: Everything the Board issues
L4: Oil and Gas matters
L5: Electrical matters
L6: Annual Reports only
L7: Press Releases only
L8: Regulatory Agendas only
L9: Environmental Matters

List 9, which is new, will be used primarily for the distribution of hearing orders and notices of environmental screenings of proposed projects.

Lists 2 and 3, which covered oil and gas matters separately, have been amalgamated into List 4.

National Energy Board



Marie Tobin
Secretary

For copies of documents contact:

Regulatory Support Office (613) 998-7204

For information contact:

Denis Tremblay, Information Services (613) 990-1850

Appendix I

Instructions For Filings With The National Energy Board

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies	Type of Application or Filing	No. of Copies
(a) Hearing Matters		(iii) Oil Exports	
(i) Certificates		Registered Oil Export Orders	10
- Pipeline	35	(iv) Tolls	
- Power line	30	Class I and II Adjustments	20
(ii) Export licences		Interim Orders	20
- Natural gas	35	Operating and Maintenance Budgets	20
- Electricity	30	Changes in Depreciation Rates	20
(iii) Tolls	35	Quarterly Surveillance Reports	20
(iv) Land Acquisitions	10	New or Changed Tariffs	20
		Domestic Gas Sales Contracts and	
		Amendments	20
		Amendments to Tariff Orders	20
(b) Non-Hearing Matters		(v) Pipelines and Power Lines	
(i) <i>Natural Gas</i>		Exemption Orders Power Lines	15
Export Orders	5	Exemption Orders Pipelines	
Orders for Transmission Access	20	(Sec. 58)	20
Licence Amendments	20	Certificate Amendments	20
Amends to Export Contracts	20	Certificate Revocations	20
Licence Revocations	20		
(ii) <i>Electricity Exports</i>		Leaves to Sell or Transfer	20
Orders	15	Incident Reports	20
Licence Amendments	15	(vi) Other	
Licence Revocations	15	Applications for Review	20

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5. (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900)

Appendix II

NATIONAL ENERGY BOARD Selected List of Telephone Numbers

BOARD MEMBERS

Chairman	R. Priddle	990-3454
Vice-Chairman	J.-G. Fredette	990-3462
Member	R.B. Horner, Q.C.	990-3459
Member	W.G. Stewart	990-3470
Member	A.B. Gilmour	990-3312
Member	A. Côté-Verhaaf	990-3264
Member	M. Musgrove	990-3466
Member	C. Bélanger	990-9528
Member	R. Illing	990-3460
Temporary Member	D.B. Smith (403)	292-6694
Temporary Member	K.W. Vollman	990-3465

EXECUTIVE DIRECTOR

Executive Director	R. Glass	998-7190
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Finance and Administration Branch

A/Director	J. Klotz	990-6523
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Personnel Branch

Director	J. Thompson	993-4823
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Planning and Review Branch

Director	C. Scott	990-6845
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Information Technology Branch

Director	D. Emmens	998-7974
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Office of the Secretary

Secretary	M. Tobin	990-3167
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A/Asst. Secretary Regulatory	B. Jolicoeur	990-3447
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A/Asst. Secretary Communications	A. Sicotte	998-7193
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A/Chief, Information Services	U. Perovic	990-3166
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Manager, Library	N. Park	990-6221
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Board Distribution Centre (Room 1064)		998-7204
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General Information		998-7204
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ENERGY REGULATION DIRECTORATE

Director General, Energy Regulation	P.L. Miles	998-7929
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Economics Branch

Director	M. Segal	998-9378
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Asst. Director & Manager, Economic Analysis Group	R. Jackson, Jr.	998-7213
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Manager, Forecasting and Energy Market Analysis	E. Ruddick	998-7936
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Electric Power Branch

Director	A.N. Karas	990-0329
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Special Advisor and Chief Generation Planning	M. Warnes	990-0335
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Chief, Regulatory	G. Izsak	990-0334
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Chief, Power System Planning	E. Vaahedi	990-0322
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Energy Supply Branch

Director	D.R. Collyer	998-7952
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Chief & Asst. Director, Crude Oil Supply	G.C. Hos	998-7921
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Chief, Special Projects	B. Bowers	998-7922
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Chief, Natural Gas Supply	P.R. Bourgeois	998-7925
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Chief, Geology and Reserves	C.H. Gemeroy (403)	292-5400
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Gas and Oil Branch

Director	R.M. White	990-6235
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Gas:

Chief, Gas Policy Applications	D.M. Dubuc	993-6433
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Chief, Gas Transportation	H.H. Pols	993-7656
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Chief, Gas Regulatory Surveillance	R. Choy	993-7653
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Oil:

Chief & Asst. Director, Petroleum Products	B.A. Wells	990-6238
A/Chief, Crude Oil	J.A. Datto	990-6244
Chief, International Oil Analysis	C.P. Brown	990-6242
Chief, Operating Data and Oil Forecasting	N.X. Monteiro	990-6241

PIPELINE REGULATION DIRECTORATE

Director General, Pipeline Regulation	E.L.M. Gordon	990-3314
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Environment Branch

Director	P.A. Carr	998-7179
Chief & Asst. Director, Environment	S.P. Pierce	998-7149
Chief Operational Programs	G.R. Higginson	998-7182
Chief, Regulatory Affairs	S.A. Burgess	998-7158
Chief, Pipeline Crossings	R.C. Seaman	998-7153

Financial Regulation Branch

Director	H.K. Pau	990-3188
Asst. Director, Manager, Operations	G.S. Johnson	990-3191
Chief, (IPL, IPL(NW))	C.M. Sharp	990-3203
Chief, (Westcoast, TMPL)	J.J. Dolan	990-3204
Chief, (TransCanada, TQM)	G. O'Brien	990-3205
A/Chief, (Trans-Northern, Alberta Natural Gas, Cochin, Group 2 Pipelines)	D.Grunig	990-3213
A/Advisor, Capital and Labour Costs, Toll Design	J. MacKay	990-3216

Advisor, Accounting, Auditing and Taxation (Foothills)	Aideen Brown	990-3206
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Pipeline Engineering Branch

A/Director	G. Caron	998-7160
A/Chief, Gas Pipelines West	F. Jacovella	998-7134
A/Chief, Gas Pipelines East	J. McCarthy	990-3185
A/Chief, Oil Pipelines	A. Cadieux	998-7117
Chief, Group 2 Pipelines and Data Bases	F. Jeglic	998-7133
Chief, Safety	L. Gales	998-7118
Coordinator, Standards and Regulations	J. Abes	998-7116
Chief, Field Inspection	D. Watson	998-7125

Law Branch

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Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the licensing of oil, natural gas, and electricity exports, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by the Minister of Labour to administer Part II of the *Canada Labour Code*.

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regulatory Agenda

Issue No. 34

1 September 1990

Applications Considered by Hearing

Recent Hearing Reports and Decisions

Since the 1 June 1990 edition of the Agenda, the following reports and decisions have been published by the Board following public hearings:

1. Review of Export Applications Previously Denied - GH-1-90

Reasons for decision dated June 1990; issued 27 June 1990.

The hearing was held in Calgary on 23, 24 and 25 April 1990.

The Board approved four licences for natural gas export.

At the hearing the Board considered four applications for review by applicants that had export applications previously denied in GH-1-89. The applications were from Direct Energy Marketing Limited for exports to West Georgia, Vermont; Western Gas Marketing Limited as agent for TransCanada PipeLines Limited for exports to Niagara Mohawk Power Corporation in New York State; Indeck Gas Supply Corporation for exports to two cogeneration plants to be built in Oswego and Tonawanda, New York; and Shell Canada Limited for exports to Cogen Energy Technology, Inc. in Castleton-on-Hudson, New York. (Refer to item 1 under *Appeals*.)

The Board conducted an environmental screening of the applicants' proposals by means of written submissions. (Refer to item 1(b) under *Matters Considered by Written Submission*.)

The Board noted that, with respect to Direct Energy's exports, the facilities in the province of Quebec that are required to transport Direct Energy's volumes to the international border were subjected to an environmental assessment and were approved in the Board's GH-4-88 Decision. That decision required that construction of the facilities commence by December 1989. That did not occur and consequently, the approval has lapsed. The Board stated that it would have to consider a new application before re-issuing an approval for these facilities.

If the facilities outlined in a new application differ from what was approved in the GH-4-88 proceeding, the Board will conduct an environmental screening of the changes. Since gas cannot be exported until a new application is considered, the Board was satisfied that the export licences could be issued at that time.

With respect to the Western Gas Marketing/TransCanada exports to Niagara Mohawk, the Board will hold further public hearings in September to address concerns related to the construction of a pipeline known as the Gananoque Extension. (Refer to item 1 under *Hearings Scheduled*.)

The Governor in Council approved the licences on 27 July 1990.

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National Energy Board



The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7.

A profile of the National Energy Board appears on the last page of this agenda.

2. North Canadian Oils Limited - GH-2-90

Decision dated 26 July and issued 30 July 1990; Reasons for Decision were issued on 30 August 1990.

The hearing was held in Ottawa on 19 June 1990.

At the hearing, the Board considered an application by North Canadian Oils for new licences authorizing the export of natural gas to Consumers Power Company and Midland Cogeneration Venture Limited Partnership. Consumers Power is a Michigan-based joint gas and electric distribution company and Midland is a Michigan-based cogeneration project.

The Board approved the application to export 283 300 cubic metres (10 million cubic feet) of gas per day to each of Consumers Power and Midland for the period ending 31 October 2000. The licences require Governor in Council approval before they may take effect.

The Board conducted an environmental screening of the application by means of written submissions. (Refer to item 1(d) under *Matters Considered by Written Submissions*.)

Hearing Decisions Pending

1. Hydro-Québec - Two Applications for Electricity Exports - EH-3-89

On 28 July 1989, Hydro-Québec filed two applications for licences to export firm power and energy to New York Power Authority and Vermont Joint Owners.

- *New York Power Authority* - Hydro-Québec requested approval to export two blocks of firm power and energy.

The first block would allow for the export of 500 megawatts of power over the 20-year period 1 May 1995 to 30 April 2015. This request

includes the delivery of a maximum export of 66 terawatt hours of firm energy. The second block would allow for the export of the same quantities of power and energy during the 20-year period 1 May 1996 to 30 April 2016.

- *Vermont Joint Owners* - Hydro-Québec requested approval to export seven blocks of firm power and energy, varying in size from 19 to 200 megawatts and varying in duration from 5 to 22 years. Together the blocks total 450 megawatts of firm power and a maximum of 62 terawatt hours of associated energy during the period 1 May 1990 to 31 October 2020.

The two applications were considered at a hearing held in Montreal from 19 February to 1 March 1990. The hearing concluded in Ottawa on 5 March 1990.

On 26 April 1990, pending the decisions on the applications, the Board authorized the export of 57 megawatts of firm power to Vermont Joint Owners for a period of six months, from 1 May 1990 to 31 October 1990. The export was authorized in accordance with the terms of an existing licence which allows short-term exports of electricity. Following that authorization no exports have taken place as Vermont Joint Owners has not availed itself of the interim export authorization.

The Board is aiming to render its decision and provide its reasons for decision on Hydro-Québec's two applications for long-term authorizations as soon as possible prior to the termination of the short-term authorization.

2. Various Applications for Gas Export Licences - GH-6-89

The Board considered six applications for natural gas exports at a public hearing held in Calgary from 19 to

21 March 1990. The Board's Reasons for Decision are expected to be released in September 1990.

The following are the applications considered at the hearing:

a) CanStates Gas Marketing and Transco Energy Marketing Company

CanStates and TEMCO, as joint applicants, applied to export some 1 371 100 cubic metres (48.4 million cubic feet) of gas per day at Niagara Falls, Ontario over a 15-year period commencing 1 November 1990 to a cogeneration facility in Hopewell, Virginia.

b) Esso Resources Canada Limited

Esso applied to amend its existing Licence GL-82 which expires on 31 October 1991. The proposed amendment would allow, commencing 1 November 1990 and ending 31 October 2002, the export of 2 125 000 cubic metres (75 million cubic feet) per day resulting in an increase in the term quantity of 9.1 billion cubic metres (323.1 billion cubic feet).

As authorized in the existing licence, the gas will be sold to TEMCO, for resale to three local distribution companies located in the northeastern United States.

c) FSC Resources Limited

FSC applied to export some 1 530 000 cubic metres (54 million cubic feet) of gas per day at Napierville, Quebec over a 15-year period commencing 1 November 1990 to three cogeneration facilities to be constructed near Plattsburgh, New York.

d) Ramarro Resources Ltd.

Ramarro applied to export some 169 000 cubic metres (6 million cubic feet) of gas per day at Niagara Falls, Ontario over a 15-year period commencing 1 November 1990 to Energy

Marketing Exchange Inc. of Edison, New Jersey which in turn will sell the gas to a cogeneration facility in Milford, New Jersey.

e) *Vector Energy Inc.*

Vector applied to export some 1 033 900 cubic metres (36.5 million cubic feet) of gas per day at Niagara Falls, Ontario over a 15-year period commencing 1 November 1990 to Altresco Inc. of Denver, Colorado to supply a proposed cogeneration facility in Pittsfield, Massachusetts.

f) *Western Gas Marketing Limited*

Western Gas applied to export some 424 900 cubic metres (15 million cubic feet) of gas per day at Emerson, Manitoba over a 15-year period to Southeastern Michigan Gas Company to be used as system gas in the State of Michigan.

The Board conducted an environmental screening of the applications by means of written submissions (Refer to item 1(c) under *Matters Considered by Written Submissions.*)

3. *Husky Oil Operations Ltd., Mobil Oil Canada, Ltd., and L&J Energy Systems, Inc. - GH-3-90*

The Board held a hearing on 31 July and 1 August 1990 in Ottawa, on applications by Husky, Mobil and L&J to export natural gas.

Husky, on behalf of itself and as agent for Canterra Energy Ltd., proposes to export some 3 154 million cubic metres (111.3 billion cubic feet) of natural gas for a period of 15 years and three months commencing 1 August 1992. The gas would be exported near Cornwall, Ontario and would be sold to Power City Partners, L.P. for use in a proposed cogeneration facility near Massena, New York.

Mobil requested three licences to export some 4 184.6 million cubic metres (147.7 billion cubic feet) of natural gas

for periods of up to 13 years commencing 1 November 1990. The gas would be exported near Huntingdon, British Columbia and would be used as system supply by three local distribution companies serving in Washington, Oregon and Idaho.

L&J applied for a licence to export some 1 815.9 million cubic metres (64.1 billion cubic feet) of natural gas for a period of 15 years. The gas would be exported near Iroquois, Ontario to supply L&J's proposed cogeneration facility to be located in Lowville, New York.

The Board has conducted an environmental screening of the applications by means of written submissions. (Refer to item 1(e) under *Matters Considered by Written Submissions.*)

4. *Westcoast Energy Inc. - McMahon Plant - GH-5-90*

The Board held a hearing on 20 and 21 August 1990 in Fort St. John, British Columbia on an application by Westcoast to expand its McMahon Plant facilities in northeastern British Columbia.

The expansion project would increase the raw gas processing capacity of the plant by 18 percent to 19.255 million cubic metres (679 million cubic feet) per day. The proposed facilities would be installed by November 1991 at an estimated cost of \$108 million.

Hearing in Progress

1. *Combined Hearing on TransCanada PipeLines Limited 1991/92 Facilities and Associated Gas Export Licences - GH-5-89*

The Board commenced hearings on 26 March 1990 on an application dated 29 June 1989, as amended on 15 December 1989, by TransCanada for approval to expand its pipeline system by 1 November 1991 and 1992 to serve expanding domestic and export markets. At the hearing the Board is also considering 15 gas export applica-

tions in support of the facilities requested, and four applications for orders requiring TransCanada to transport natural gas and to provide adequate facilities to transport the gas and certain toll-related issues.

The facilities application, as revised, includes the construction of 1 592 kilometres of pipeline, the installation of 21 new compressor units and two new compressor stations. The 1 592 kilometres includes one section of new pipeline, 4.5 kilometres long, at Iroquois, Ontario. The remaining portion consists of parallel pipeline along TransCanada's system in Saskatchewan, Manitoba and Ontario.

The facilities are estimated to cost \$2.6 billion.

The Board is also considering at the hearing four applications requesting orders requiring TransCanada to receive, transport and deliver natural gas offered by the applicants and to provide adequate and suitable facilities to do so.

The applications are as follows:

Applicant	Application Date
The Consumers' Gas Company Ltd.	15 January 1990 (Revised 15 May 1990)
FSC Resources Limited	1 December 1989
Indeck Gas Supply Corporation	21 December 1989
Rochester Gas and Electric Corporation (for Unigas Corporation)	15 January 1990

The Board is also considering certain toll-related issues including the appropriate toll treatment of construction cost overruns, cost of facilities which may turn out to be underutilized, and the appropriate toll treatment of the proposed facilities.

The Board is also conducting an environmental screening to determine whether, and, if so, the extent to which, there may be any potential adverse environmental effects arising

The export applications being considered at the hearing are as follows:

Applicants	Daily Quantities		Term Quantities	
	Million Cubic Metres	Million Cubic Feet	Billion Cubic Metres	Billion Cubic Feet
Emerson, Manitoba:				
Kamine South Glens Falls Cogen Co., Inc./Beta South Glens Falls Inc.	402.2	14.2	2.1	74
Niagara Falls, Ontario:				
Canadian Occidental Petroleum Ltd.	433.4	15.3	2.4	84
Western Gas Marketing Limited	283.3	10.0	1.6	55
FSC Resources Limited	453.2	16.0	2.5	87
Iroquois, Ontario:				
Pawtucket Power Associates Limited Partnership	362.5	12.8	2.6	93
JMC Selkirk, Inc.	651.5	23.0	3.7	130
ProGas Limited ¹	708.2	25.0	4.8 ¹	170 ¹
Esso Resources Canada Limited	991.4	35.0	5.4	192
New England Power Company	1699.6	60.0	9.3	329
Chippawa, Ontario:				
Enserch Development Corporation, on behalf of Encogen Four Partners Limited	441.9	15.6	2.4	84
Indeck Gas Supply Corporation, by its agent Northstar Energy Corporation (Corinth)	461.7	16.3	2.5	87
Indeck Gas Supply Corporation, by its agent Northstar Energy Corporation (Ilion)	212.4	7.5	0.8	30
Kamine Carthage Cogen Co. Inc./Beta Carthage Inc.	402.2	14.2	2.1	74
Fulton Cogeneration Associates	359.7	12.7	1.6	55
Unigas Corporation	453.2	16.0	1.7	59

¹ ProGas requested an amendment to an existing licence with no change in the term quantity.

from these applications. (Refer to item 1 (g) under *Matters Considered by Written Submissions*.)

Hearings Scheduled

1. *TransCanada PipeLines Limited - Gananoque Extension - GH-4-90*

The Board will hold a hearing commencing 10 September 1990 in Kingston, Ontario to consider an appli-

cation by TransCanada entitled "Gananoque Extension Facilities Review Application". By considering TransCanada's application, the Board will, in effect, be conducting a review of the Board's 20 November 1989 decision denying a certificate to build the gas pipeline known as the Gananoque Extension.

The proposed extension would be a new pipeline that would extend 25.2 km from TransCanada's mainline east of Kingston to a point on the international border near Wolfe Island on the St. Lawrence River. The pipeline would transport natural gas to be exported by Western Gas Marketing Limited, as agent for TransCanada, to Niagara Mohawk Power Corporation in the state of New York, beginning 1 November 1991.

TransCanada has estimated that the pipeline, to be constructed in 1991, would cost approximately \$29.6 million.

The Board previously denied TransCanada's application for a certificate for the Gananoque Extension because the related gas export licence application was denied, thereby obviating the need for the proposed facilities. The gas export licence application was later approved by the Board in a decision issued from the Bench in April and the Reasons in June 1990.

In view of the public concern expressed with respect to this application, a public meeting was held by Board staff in Kingston on 24 July 1990 to provide information and answer questions on the Board's regulatory procedures. Another such meeting is scheduled to be held in Gananoque on 5 September 1990.

2. *Westcoast Energy Inc. - Toll Application - RH-1-90*

The Board will hold a public hearing commencing 10 October 1990 in Vancouver, British Columbia to consider an application by Westcoast for a tolls increase.

Westcoast filed an application for new tolls for the transportation of natural gas beginning 1 January 1991. These tolls would increase the average toll for firm transportation service by about five percent. The company is also applying to reduce the winter and summer tolls for interruptible service.

The company is requesting a 10.5-percent increase in its revenue requirement, from \$291 million to \$321.5 million, and an 8.5-percent increase in its rate base, from \$821.5 million to \$891.3 million. The increase in the rate base stems from capital construction which the company intends to undertake during 1991, including a \$108-million expansion of its McMahon Plant. Westcoast is also requesting an

increase in its return on common equity from 13.25 percent to 14.375 percent. (Refer to item 4 under *Hearing Decisions Pending*.)

The Board has also decided to examine Westcoast's raw gas transmission facility expansion policy and to consider whether there is a need for a similar policy regarding the expansion of gas processing plant facilities.

3. *Westcoast Energy Inc. - Adsett Pipeline Project - GH-6-90*

The Board will be holding a public hearing commencing on 29 October 1990 in Fort Nelson, British Columbia to consider an application dated 6 July 1990 by Westcoast to expand its pipeline facilities.

The expansion proposal, referred to as the Adsett Pipeline Project, involves the construction of an 81.45-kilometre raw gas transmission pipeline extending from the Adsett gas field in north-eastern British Columbia to Westcoast's Fort Nelson Gas Processing Plant.

Initially, the proposed pipeline would enable Westcoast to provide firm transmission services to the three shippers with which Westcoast has executed service agreements. The service commencement dates would be 1 March 1991 for one of the shippers and 1 November 1991 for the other two shippers.

The facilities would be constructed during the 1990/91 winter season at an estimated cost of \$16.8 million.

4. *Interprovincial Pipe Line Company, a Division of Interhome Energy Inc. - Toll and Access Issues - Natural Gas Liquids Storage Facility - RH-3-90*

The Board will be holding a public hearing commencing on 12 November 1990 in Edmonton, Alberta to consider the toll and access issues related to an application dated 30 April 1990 for

approval to build a natural gas liquids storage facility adjacent to the applicant's terminal in Edmonton, Alberta.

(Please refer to item 2 under *Matters Considered by Written Submissions* and to items 5 under *Traffic and Tolls Matters*.)

5. *Trans Québec & Maritimes Pipeline Inc. - RH-2-90*

The Board will be holding a public hearing commencing on 10 December 1990 in Ottawa to consider an application by TQM to increase its tolls.

On 17 July 1990, TQM filed an application to increase the tolls on its natural gas pipeline system by 10.6 percent in 1991 and a further 2.5 percent in 1992. The proposal would increase its monthly toll of \$5.776 million to \$6.387 million on 1 January 1991, and to \$6.547 million effective 1 January 1992.

TQM is also requesting an increase in its rate of return on equity from 13.75 percent to 14.50 percent for both 1991 and 1992.

6. *Poco Petroleum Ltd. - Gas Export - GH-7-90*

The Board will be holding a hearing commencing on 23 October 1990 in Vancouver to consider an application by Poco for a licence to export natural gas.

Poco applied for a licence to export 1 138 million cubic metres (40.2 billion cubic feet) of natural gas from Huntingdon, British Columbia beginning 1 September 1990 and ending 31 October 1999. The gas would be sold to Washington Natural Gas Company for system supply.

An environmental screening of the proposed export will be conducted by means of a written procedure conducted separately from the public hearing.

Matters Considered by Written Submissions

1. *Environmental Screening of Export Proposals*

The Board is conducting or has conducted environmental screenings, in accordance with the *Environmental Assessment and Review Process Guidelines Order* of various export proposals, to determine whether, and, if so, the extent to which, there may be any potential environmental effects and social effects directly related to those environmental effects.

- (a) Natural gas exports, which the Board approved in November 1989 pursuant to GH-1-89, by Amoco Canada Petroleum Company Ltd. and Consolidated Edison Company of New York Inc., ProGas Limited and Western Gas Marketing Limited to the northeastern United States and ICG Utilities (Ontario) Ltd. which is a proposal to export and re-import -GHW-1-90.

The Board found that any potential adverse environmental effects and directly related social effects of the exports would be insignificant or mitigable with known technology.

- (b) Natural gas exports the Board had previously denied in GH-1-89, but has reconsidered in GH-1-90 - GHW-4-90. (Refer to item 1 under *Recent Hearing Reports and Decisions*.)

The Board found that any potential adverse environmental effects and directly related social effects of the exports would be insignificant or mitigable with known technology.

- (c) Six applications for new natural gas export licences (GH-6-89) - GHW-3-90. (Refer to item 2 under *Hearing Decisions Pending*.)

- (d) Application by North Canadian Oils for new natural gas export licences. GH-2-90 (Refer to item 2 under *Recent Hearing Reports and Decisions*.)

- (e) Applications by Husky Oil Operations Ltd., Mobil Oil Canada Ltd. and L&J Energy Systems Inc. for new natural gas export licences. (GH-3-90) PO-1-GH-3-90 and PO-2-GH-3-90. (Refer to item 3 under *Hearing Decisions Pending*.)

- (f) Natural gas exports, which the Board approved in August 1989, from the Mackenzie Delta by Esso Resources Canada Limited, Gulf Canada Resources Limited and Shell Canada Limited. (GH-10-88) - GHW-2-90.

Esso, Gulf and Shell filed written submissions with the Board on 27 August 1990. Interested parties have 30 days to comment on those submissions or file a written submission. Esso, Gulf and Shell will then have 15 days to file any reply they may have on the submissions of interested parties.

- (g) Application by TransCanada PipeLines Limited for new facilities and 15 natural gas export applications in support of the facilities - GH-5-89. (Refer to item 1 under *Hearings in Progress*.)

2. *Interprovincial Pipe Line Company, a Division of Interhome Energy Inc. - Natural Gas Liquids Storage Facility - GHW-5-90*

The Board is examining an application, dated 30 April 1990, by Interprovincial requesting approval of a proposal to construct a natural gas liquids storage facility.

The proposed facility, to be built adjacent to Interprovincial's Edmonton terminal, would include nine 350-metre sections of 2.032-metre underground pipe-type storage vessels, and related fill and pumpout lines.

The storage facility would allow suppliers to accumulate natural gas liquids at the line rate and batch size needed for periodic injection into Interprovincial's pipeline system.

Construction would start in April 1991 at an estimated cost of \$18 million.

The Board is also conducting an environmental screening of the application and issued PO-1-GHW-5-90 on 22 August 1990. (Please also refer to item 5 under *Traffic and Tolls Matters*.)

3. *New Brunswick Power - Application for Electricity Exports - EW-1-90*

On 15 February 1990, New Brunswick Power filed an application for six licences as follows:

- a) a licence to export 100 megawatts of firm electricity to Massachusetts Municipal Wholesale Electric Company from 1 November 1991 to 31 October 1993 and 50 megawatts of firm electricity from 1 November 1993 to 31 October 1994;
- b) a licence to export interruptible electricity to the Maine Electric Power Company from 1 November 1990 to 31 October 2000;
- c) a licence to export electricity as a carrier transfer for the Maine Public Service Company and the Eastern Maine Electric Co-Operative from 1 November 1990 to 31 July 2002;

- d) a licence to export interruptible energy to the Maine Public Service Company from 1 November 1990 to 31 October 2000;
- e) a licence to export firm electricity through the Maine Public Service Company as a carrier transfer from 1 November 1990 to 31 July 2002; and
- f) a licence to export interruptible electricity to the Eastern Maine Electric Co-Operative from 1 November 1990 to 31 October 2000.

All of these licences would replace expiring licences which authorize similar transactions.

The application is the first to be processed in accordance with the Board's Memorandum of Guidance of 22 June 1990, which describes the steps it will follow to implement the new Canadian Electricity Policy. Bill C-23, an *Act to Amend the National Energy Board Act*, which contained the amendments required to implement the electricity policy, came into force on 1 June 1990. Under the provisions of the amendments, an export of electricity may be authorized by permit, without a public hearing, unless the Governor in

Council, upon the recommendation of the Board, designates a proposed export for licensing which would necessitate a public hearing.

Before determining whether to recommend to the Governor in Council that it designate New Brunswick Power's application for licensing, which would involve a public hearing, the Board requested, by means of Order EW-1-90, that interested parties make their views known to the Board. Order EW-1-90 also included provision for interested parties to make submissions to assist the Board in conducting an environmental screening of the application in order to reach a determination pursuant to section 12 of the EARP Guidelines Order.

Interested parties had until 30 July 1990 to file an intervention respecting the application and the environmental screening process. The application is under review.

4. New Brunswick Power Application for Electricity Exports - EW-2-90

On 13 July 1990, New Brunswick Power filed an application for two authorizations as follows:

- a) an authorization to export firm electricity (from the Point Lepreau nuclear generating station) to the Eastern Maine Electric Cooperative, Inc. at the rate of 3 megawatts from 1 November 1990 to 31 October 1993 and 1.5 megawatts from 1 November 1993 to 31 October 1994; and to export 20 megawatts of firm electricity from NB Power's other generating stations from 1 November 1990 to 31 October 1994.
- b) an authorization to export electricity as a carrier transfer for the Houlton Water Company of Houlton, Maine from 1 October 1990 to 31 October 2002.

The first authorization would replace an expiring licence which authorizes a similar transaction. The second requested authorization would involve a small portion of the electricity which would otherwise be included in electricity exported under the licence request (c) of NB Power's 15 February 1990 application.

Interested parties have until 13 September 1990 to file an intervention. The Board will be conducting an environmental screening of the application by means of written submissions.

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either dormant or still under review.

Company	Date of Application	Description
Dormant		
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System
4. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to the United States (Venture Project)
5. Foothills Pipe Lines Ltd.	30 October 1989	Certificate to construct the Mackenzie Valley Pipeline
Under Review		
6. Rochester Gas and Electric Corporation	24 November 1989	Import and export of natural gas
7. Northridge Petroleum Marketing Inc.	8 April 1990	Export and import of natural gas
8. POCO Petroleum Ltd.	31 July 1990	Export of natural gas
9. Alberta Natural Gas Company Ltd	31 May 1990	Additional and modified compression facilities
10. North Canadian Oils Limited	2 August 1990	Natural gas export

Other Regulatory Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, or to authorize toll adjustments.

Since the 1 June 1990 edition of the Agenda, the following major matters have been considered by the Board or are still pending.

Reviews

1. *Interprovincial Pipe Line Company, a Division of Interhome Energy Inc. - OHW-1-89*

In late 1986, the Board commenced a review of its decision to adopt recommendation 5.9 made by the Board's panel investigating a fatal accident in 1985 on Interprovincial's pipeline near Camrose, Alberta. The recommendation required pipeline companies under the Board's jurisdiction to remove certain welds and to check the soundness of a sample of other welds.

On 22 July 1988, the Board informed industry that it agreed with a two-phase process of review suggested by industry. The first phase consisted of a program of inspection or sampling with the intent of gathering evidence for the review. The evidence was due to be filed by the companies by 31 December 1988. Submissions were received from five companies: Dome Petroleum Ltd. (now Amoco Canada Resources Limited), Interprovincial Pipe Line Company, Petroleum Transmission Company, Trans Mountain Pipe Line Company Ltd., and Trans-Northern Pipelines Inc. The second phase consists of a review of the recommendation in view of the submissions filed. The procedures to be followed in the review are specified

in Order OHW-1-89. Interested parties were to provide their comments on the submissions by 6 October 1989, later extended to 3 November 1989. The parties' comments are currently under review.

At the same time, the Board requested the remaining companies under its jurisdiction and interested parties to the proceeding to provide additional information.

In a related matter, the Board invited industry to submit comments on the eleven other recommendations made in the inquiry panel's report. On 22 January, 14 April, 22 July 1988, and 16 February 1989, the Board made a number of decisions in respect of the recommendations and approved corresponding amendments to the *Onshore Pipeline Regulations*.

Reasons for Decision are expected this fall.

2. *Alberta Natural Gas Company Ltd - Monthly Cost of Service*

As a result of reviewing the ANG 1989 surveillance report for the quarter ended 30 September and the 1990 financial and throughput forecast, the Board directed ANG on 21 December 1989 to modify its calculation of monthly cost of service for tariff and billing purposes.

On 14 February 1990, ANG applied for a review of the Board's decision, specifically, the section which required ANG to use the actual average corporate cost rate of debt for billing purposes.

On 22 March 1990, the Board decided to conduct the review and established the due dates for the receipt of submissions from ANG and interested parties.

On 5 July 1990, the Board issued its decision on this matter re-affirming its directive of 21 December 1989 that the actual corporate cost rate of debt be used to determine interest costs for billing purposes. The Board also decided that the imputed debt structure of ANG's regulated pipeline should be a combination of both long- and short-term borrowings, in keeping with the normal practice of utility financing. The Board then decided to present, for comment by interested parties, a proposal to subdivide the 65% utility debt component into long-term and short-term components of 60% and 5%, respectively.

The Board set 31 August 1990 as the date for interested parties to file comments on the Board's proposal concerning the debt portion of ANG's capital structure.

3. *Laidlaw Waste Systems (Durham) Limited - Relocation of TransCanada's pipelines located in landfill site in Durham, Ontario*

By letter dated 23 May 1990, Laidlaw filed with the Board an application to review the decision to defer the consideration of the relocation of two 920-metre lengths of TransCanada's pipelines located in the landfill site owned by Laidlaw in the Region of Durham, Ontario. On 16 November 1989, the Board had deferred consideration of the relocation until municipal and provincial approvals had been granted for the expansion of the landfill site owned by Laidlaw.

Letters of comment were received from interested parties.

On 16 August 1990, the Board denied the application for review. The Board was not persuaded that doubt had been raised as to the correctness of its decision.

Appeals

1. *Western Gas Marketing Limited, as agent for TransCanada PipeLines Limited, Indeck Gas Supply Corporation, Niagara Mohawk Power Corporation and Shell Canada Limited (GH-1-89)*

On 20 November 1989, the Board issued its decision in respect of GH-1-89 in which it denied four applications for gas export licences. The Board's Reasons for Decision were issued on 21 December 1989.

Western Gas Marketing, Indeck Gas, Niagara Mohawk and Shell Canada Limited have all filed with the Federal Court of Appeal applications for leave to appeal the Board's decision to deny the applications to export.

Export licences with respect to the four export proposals referred to above have now been issued by the Board and approved by the Governor in Council. Accordingly, the Board expects that the parties will not proceed with the appeals as filed. (See item 2 in the June Issue of the *Regulatory Agenda*)

2. *Industrial Gas Users Association*

On 28 May 1990, IGUA filed with the Federal Court (Trial Division) a Notice of Motion for an order of the Court finding that the Board disobeyed the Order of Madam Justice Reed of the Federal Court dated 12 February 1990. IGUA has also requested an Order of the Court requiring compliance with the Order of Madam Justice Reed. In February the Board was ordered by the Federal Court to consider the question of alternative toll methodologies in the current GH-5-89 proceeding. (Refer to item 1 under *Hearing in Progress*). In so doing, the Board decided that the question of the tolling methodology would relate only to the facilities being considered in that proceeding and not to facilities that had previously been certificated. IGUA's proposal would have a new tolling methodology apply

to facilities beyond those to be considered in that proceeding. The question raised by IGUA, therefore, relates to an interpretation of the Order of Madam Justice Reed.

The motion was heard by the Court on 15 and 16 August 1990 and Madame Justice Reed dismissed IGUA's motion on 17 August 1990.

Gas Matters

1. *Workshop on Cost-Benefit Analysis and Export Impact Assessment*

The Board held a workshop in conjunction with the Canadian Energy Research Institute (CERI), at CERI's office in Calgary on 27 November 1989 to discuss technical matters related both to benefit-cost analysis and the analysis of the impact of incremental exports on Canadian gas markets (the Export Impact Assessment).

The session on benefit-cost analysis provided for an exchange of ideas on methodological matters including, for example, whether to use forecast or licensed exports, and average rather than project-specific direct production costs in calculating total incremental production costs, and the appropriate treatment of by-product revenues.

Board staff issued a technical paper on benefit-cost methodology early in November. The Board had previously issued a technical paper on the Export Impact Assessment, as Appendix C to its 7 September 1989 call for comment on the proposed amendment to information requirements for the Export Impact Assessment.

The papers presented at the workshop were issued in August 1990.

2. *Esso Resources Canada Limited - Amendment to a Gas Sales Contract*

On 26 September 1989, Esso applied to the Board for approval of an amendment to a Gas Sales Contract dated

11 December 1980 between Esso, Transco Energy Marketing Company and Transcontinental Gas Pipe Line Corporation.

The Amending Agreement would provide for the following changes to the original Gas Sales Contract:

- a. the level of take or pay would be reduced from 75 percent to 65 percent;
- b. the "Fuel Gas" component of the Commodity Charge would be separated from the Commodity Charge and dealt with as a distinct charge; and
- c. the cap on the "Current Exchange Rate" would be raised from US \$0.80 to US \$1.00.

The application is currently under review.

3. *Poco Petroleums Ltd. - Amendments to Gas Purchase Agreements*

On 7 November 1989, Poco applied to the Board for approval of ten Letter Agreements to amend the Gas Purchase Agreements under Poco's export Licences GL-117 and GL-118.

Licences GL-117 and GL-118 authorize exports to Consumers Power Company and Midland Cogeneration Venture Limited Partnership.

The primary consequence of the above-referenced amendments is to revise each of the Gas Purchase Agreements under Licences GL-117 and GL-118 to effect a reduction in the maximum daily quantity from 708 100 cubic metres (25 million cubic feet) per day to 424 900 cubic metres (15 million cubic feet) per day and to change the point of delivery from points in Michigan to the outlet of TransCanada PipeLines Limited's system near Emerson, Manitoba.

Poco contended that the submitted Letter Agreements do not materially affect the condition under which gas would be exported except to reduce the quantity of gas delivered to the buyers.

The Board approved the application on 14 June 1990.

4. *Poco Petroleum Ltd. - Amendments to Licences GL-117 and GL-118*

Poco applied on 10 May 1990 for amendments to Licences GL-117 and GL-118 to reduce the daily volumes by 283 300 cubic metres (10 million cubic feet) and the annual and term volumes by corresponding amounts.

The Board approved the application on 14 June 1990. The amending orders to the licences require Governor in Council approval.

5. *ProGas Limited-Amending Agreements - Natural Gas Pipeline Company of America*

On 7 May 1990, ProGas applied for approval of two Amending Agreements to its Gas Export Sales Agreements dated 17 May 1979 with NGPL.

The Amending Agreements would amend the commodity charge component of the export price and the minimum annual purchase obligation.

The application is currently under review.

6. *ProGas Limited - Amending Agreement - ANR Pipeline Company*

On 1 November 1989, ProGas applied for approval of an Amending Agreement to its Gas Sales Agreement dated 17 May 1979 with ANR.

The Amending Agreement would amend the commodity charge component of the export price, as well as the demand charge component.

The application is currently under review.

7. *Shell Canada Limited - Gas Purchase Agreement and Amendment to Licence GL-100*

On 21 December 1989, Shell applied for approval of an executed Gas Purchase Agreement with Granite State Gas Transmission, Inc. with respect to exports under Licence GL-100.

The Agreement supersedes a Precedent Gas Purchase Agreement dated 27 July 1989 as well as a Precedent Gas Agreement dated 25 September 1986 associated with export authorizations at Niagara Falls, Ontario.

Shell also applied for an amendment to Licence GL-100 to change the export point from Niagara Falls to Iroquois, Ontario.

The application is currently under review.

8. *TransCanada PipeLines Limited - Queuing Procedures*

On 15 August 1989, TransCanada requested the Board to clarify certain aspects of the Board's Reasons for Decision dated June 1989 on TransCanada's 1988 and 1989 tolls held under RH-1-88, Phase II, with respect to section 9.10, "Queuing Procedures".

On 30 October 1989, the Board provided TransCanada with the requested clarification. In the same letter, the Board directed TransCanada to submit its proposed Queuing Procedures to the Board for review and to interested parties for comment.

TransCanada filed its revised Queuing Procedures on 5 December 1989.

By letter dated 12 March, TransCanada requested that the Board give early consideration to clause 4.6 of the Queuing Procedure which deals with financial arrangements. On 5 April, the Board decided to deny the inclusion of clause 4.6 in the Queuing Procedures.

On 12 July 1990, the Board accepted, with some changes, the Queuing Procedures as part of the tariff. The Board directed TransCanada to file the amended Queuing Procedures with the Board and to serve all interested parties by 30 September 1990.

9. *Western Gas Marketing Limited, as Agent for TransCanada PipeLines Limited - Amendment to Licence GL-18 and Contract Amendments*

On 23 October 1989, Western Gas Marketing, as agent for TransCanada, applied for approval of an amendment to Licence GL-18 which would extend the expiry date from 31 October 1989 to 31 October 1992.

Licence GL-18 authorizes TransCanada to export natural gas to Midwestern Gas Transmission Company (now Viking Gas Transmission Company). The extension was requested so that TransCanada could export volumes that had not been exported during the term of the licence.

The applicant also requested approval of several amendments to the original contract. Western Gas Marketing stated that on 1 December 1986, TransCanada stopped reporting exports under GL-18. Since that date volumes previously allocated to Licence GL-18 have been reported under various short-term orders. TransCanada would like to resume reporting under Licence GL-18 a portion of the volumes it has been exporting under short-term order GO-50-89 and to use the licence until 31 October 1992. Accordingly, Western Gas submitted copies of contractual amendment documentation pertaining to its sales arrangements with Viking, formerly Midwestern, that have been executed since December 1986, (the date on which TransCanada stopped reporting exports under GL-18).

The application is currently under review.

10. Potters Industries Inc. - Access to TransCanada PipeLines Limited System

By application dated 19 December 1989, Potters applied for orders requiring TransCanada and Niagara Gas Transmission Limited to receive, transport and deliver natural gas offered by Potters and to provide adequate and suitable facilities to do so. Potters requested firm service from Empress, Alberta to a point where TransCanada's pipeline interconnects with that of Niagara Gas for subsequent delivery by Niagara Gas to Cornwall, Ontario.

Potters requires the transportation service commencing upon first delivery for at least three years or until TransCanada and Niagara Gas enter into a firm transportation agreement with Potters. The gas would be used by Potters at its plant at Potsdam, New York.

Potters also applied for an order fixing the tolls that TransCanada and Niagara Gas may charge for the transportation service and also fixing an operating demand for Potters of up to 17 300 cubic metres (610 thousand cubic feet) of gas per day.

On 6 April a letter was sent to Potters seeking further information on the application. By copy of the letter, Western Gas Marketing Limited and Niagara Gas were invited to comment on whether they would accept a reduction in their respective Operating Demand Volumes (ODV) in the event the Board were to allow a reduction of the ODV due to a displacement to apply to export sales off the TransCanada system into an export market that does not have access to U.S.-sourced gas and is thus, entirely dependent upon Canadian gas imports.

Comments regarding ODV reduction were received from Western Gas Marketing and Niagara Gas as well as the reply comments from Potters.

The application is still under review.

11. Westcoast Energy Inc. - Licences GL-93 and GL-94

On 8 September 1989, Westcoast applied to the Board to vary and consolidate Licences GL-93 and GL-94. Westcoast also applied to have both licences assigned to its wholly owned subsidiary, Westcoast Energy Marketing Ltd.

Licences GL-93 and GL-94 authorize exports at Huntingdon and Kingsgate, British Columbia and Monchy, Saskatchewan of some 23.1 billion cubic metres (820 billion cubic feet) of natural gas over the term of the licences. Licences GL-93 and GL-94 terminate on 31 October 1995 and 31 October 1992, respectively.

By its application, Westcoast sought to consolidate Licences GL-93 and GL-94 into a new single licence and to extend the expiry date of the new licence to 31 October 2004, but without changing the term volumes as currently authorized for export under the existing licences. Westcoast also requested that the new licence, if approved, be assigned to Westcoast Energy Marketing Ltd.

The terms and conditions of the proposed amended and consolidated licence for issuance to Westcoast Marketing would be as follows:

Term:	1 November 1989 to 31 October 2004
Maximum Daily:	$4\,524.8\ 10^3\text{m}^3$ (160 MMcf)
Maximum Annual:	$1\,651.5\ 10^6\text{m}^3$ (58.3 Bcf)
Maximum Term:	$23\,228.0\ 10^6\text{m}^3$ (820 Bcf)
Export Points:	Huntingdon and Kingsgate, B.C.

On 21 December 1989, the Board decided to seek interested parties' comments on the application.

On 31 May 1990, the Board approved the application.

The Governor in Council approved the licence on 28 August 1990.

12. Alberta Northeast Gas Export Project

On 12 March 1990 the following three joint applications requesting orders to amend gas export licences GL-102, GL-103, GL-104 and GL-105 were filed:

- a) *GL-102:*
Alberta Northeast Gas, Limited ("ANE") and Western Gas Marketing Limited;
- b) *GL-103:*
ANE and ProGas Limited; and
- c) *GL-104/GL-105:*
ANE, Atcor Ltd. and AEC Oil and Gas Company, a Division of Alberta Energy Company Ltd.

The Board had issued the above-noted licences in March 1987 authorizing exports via Iroquois, Ontario to 18 local distribution companies in the northeastern United States.

The Board is currently holding public hearings on the facilities required to deliver the volumes via Iroquois. (Refer to item 1 under *Hearing in Progress*.)

The applicants have applied to vary the daily and annual volumes, but not the term volumes, so as to provide for a phase-in of the Iroquois volumes for the first year of the licence, a corresponding extension of the licence term to reflect deferred phase-in volumes and a forward shift of the licence term to coincide with the in-service date of 1 November 1991 of the Iroquois Gas Transmission System (the proposed pipeline which will transport the volumes in the United States).

In the case of Licences GL-104 and GL-105, an amendment was also requested so as to incorporate the terms of a Backstop Agreement dated November 7, 1986 between ATCOR

Ltd. and AEC Oil and Gas Company, a division of Alberta Energy Company under which ATCOR or AEC may, in accordance with the terms and conditions of the Backstop Agreement, transfer portions of AEC's gas supply rights to ATCOR and ATCOR may export those quantities of natural gas under Licence GL-104, with offsetting reductions applying to Licence GL-105.

The applications are currently under review.

13. ICG Transmission Holdings Ltd., Northern Minnesota Utilities and ICG Utilities (Ontario) Ltd. - Assign and Vary Licences GL-28, GL-29 and GL-30

The above-noted three companies, in a joint application dated 26 April 1990, applied to:

- assign Licence GL-28 from ICG Transmission to Northern Minnesota;
- assign Licence GL-29 from ICG Transmission to Northern Minnesota and add Sprague, Manitoba as an export point and Rainy River, Ontario as an import point. This request will not result in any increase in the volume presently authorized under the licence; and
- assign Licence GL-30 from ICG Transmission to ICG (Ontario) and decrease the volume by the same amount as the volume authorized for export at Sprague and re-import at Rainy River under Licence GL-29.

The reason for these requested changes in the licences is because Minnesota Pipelines has applied to the Federal Energy Regulatory Commission to unbundle its services. Once FERC approves the application, Minnesota Pipelines will no longer be a buyer and seller of gas but will be solely a transporter of gas. In conjunction with

Minnesota Pipelines' unbundling its services, ICG Transmission will also unbundle its services and become solely a transporter of gas.

Once unbundling occurs, revised export authorizations are required from the Board in order to reflect the new contractual arrangements and to continue the flow of natural gas to customers.

The application is currently under review.

14. The City of Warroad - Application for an Export Order

(Refer to item 13 above.)

In light of Minnesota Pipelines' unbundling its services, the City of Warroad, Minnesota applied to the Board for an order to export 30 thousand cubic metres (1 million cubic feet) per day of natural gas for a 20-year period.

Currently Warroad purchases gas from Minnesota Pipelines under Licence GL-28. Once FERC approves the application of Minnesota Pipelines to unbundle its services, Minnesota Pipelines will no longer be a buyer and seller of gas to Warroad, but will be solely a transporter of gas. Warroad intends to purchase gas from Western Gas Marketing Limited.

The application is currently under review.

15. TransCanada PipeLines Limited - Amendment to Licence GL-21

On 11 June 1990, TransCanada requested the Board amend Licence GL-21 to increase the annual authorized quantity from 7 019.1 million cubic metres (247.8 billion cubic feet) to 11 954.7 million cubic metres (422.0 billion cubic feet).

Licence GL-21 authorizes TransCanada to export gas at Emerson, Manitoba for re-import at Sault Ste. Marie and Sarnia, Ontario.

The proposed amendment would not increase the term quantity authorized for export under the licence.

The Board approved the application on 26 July 1990. The amending order to the licence requires Governor in Council approval.

Pipeline Matters

1. TransCanada PipeLines Limited - Blackhorse Pipeline Extension

On 20 July 1989, TransCanada applied for approval to construct 20 kilometres of pipeline and associated facilities for service beginning 1 November 1990. The pipeline would extend from TransCanada's Niagara Line to a delivery point near Chippawa, Ontario and is estimated to cost \$33.3 million. The extension would interconnect with the proposed Empire State Pipeline serving central and western New York State.

The Board informed TransCanada on 2 October 1989 that the application would be considered by some form of hearing following elimination of certain deficiencies in the application.

On 9 April 1990, TransCanada filed supplemental information in response to the Board's information requests.

The Board found that TransCanada's application, as supplemented by the 9 April 1990 submission, remained deficient with respect to certain matters identified in the Board's 2 October and 18 December 1989 letters. The Board also found, based on evidence filed in the GH-5-89 proceedings, that there was a considerable degree of uncertainty surrounding the downstream transportation arrangements associated with the proposed facilities. The Board was of the opinion that the application was not ready to be considered at this time and sent a letter to TransCanada so informing the company. The letter stated that the Board would monitor developments relating to the facilities

interconnecting with the Blackhorse Extension and would advise TransCanada at a future date as to how the application would be dealt with.

2. Trans Mountain Pipe Line Company Limited - Mainline Relocation

On 26 July 1990, Trans Mountain filed an application to relocate approximately 100 metres of its pipeline near Hope, B.C. Trans Mountain applied for the relocation of a segment of its mainline to safeguard against potential debris torrents. The cost of the project is estimated at \$355 300.

On 16 August 1990, the Board approved Trans Mountain's application and authorized the company to abandon the existing portion of its mainline that will be made redundant by the relocation.

3. Canadian Hunter Exploration Ltd.

On 23 July 1990, Canadian Hunter filed an application for the construction of three 800-metre long segments of interprovincial pipeline in the Ring/Border Field located approximately 200 kilometres northeast of Fort St. John, British Columbia.

The three pipeline segments consist of 323.9 millimetre O.D. multiphase trunk line, a 406.4 millimetre O.D. sales gas line and an 88.9 millimetre O.D. sales liquid line. Construction is expected to start in November at an estimated cost of \$428 200.

The application is currently under review.

Traffic and Toll Matters

1. Alberta Natural Gas Company Ltd - Review of Tariff

On 3 August 1989, the Board directed ANG to review its gas transportation contracts with its shippers with a view

to eliminating certain shortcomings, including the elimination of discriminatory tariff provisions and the establishment of clear terms of access in a published uniform tariff.

ANG filed its tariff with the Board on 11 April and revised it on 30 May.

The Board has also set dates for interested parties to comment on the proposed tariff.

2. Toll Adjustment Procedures

On 29 January 1990, the Board invited parties' comments concerning the toll adjustment procedures for Interprovincial Pipe Line Company, a division of Interhome Energy Inc., Trans Mountain Pipe Line Company Ltd. and Trans-Northern Pipelines Inc. as set out in Orders TO-4-85, TO-5-85 and TO-6-85, respectively.

The Board initiated a review of the continued appropriateness of the current toll adjustment procedures for Interprovincial, Trans Mountain and Trans-Northern because recent experience indicates that there are difficulties with the procedures, as evidenced, for example, by uncertainty regarding various deadlines, and the need to grant extensions.

The comments and the replies are currently under review.

On 23 August, the Board issued interim procedures pending the completion of its review. Class 1 applications are to be filed no later than 45 days prior to the date on which the revised tolls are to become effective and Class 2 applications are to be filed no later than 90 days prior to the date on which the revised tolls are to become effective. The Board will advise parties once its full review of the toll adjustment procedures is complete.

3. Westcoast Energy Inc. - Toll Surcharges - Task Force's Report

The Board is currently considering a report filed by the task force that was established to review the applicability of toll surcharges to expansions of Westcoast's raw gas transmission facilities. The Board recently decided to include this item as a matter to be dealt with at the next Westcoast toll hearing. (Refer to item 2 under *Hearings Scheduled*.)

It was during its review of Westcoast's application for the construction of the Pine and Commotion pipelines in August 1989 that the Board invited Westcoast to set up the task force. The Board wished to establish criteria to assess whether a surcharge is appropriate and, if appropriate, what its level should be so that such criteria can be applied to future facility expansions.

4. Trans-Northern Pipelines Inc. - Tolls

Trans-Northern filed an application for new tolls for the transportation of refined petroleum products beginning 1 July 1990. These tolls would increase the average toll for transportation service by about 10.6 percent.

The company is requesting a 7.9-percent increase in its revenue requirement, from \$25.7 million to \$27.8 million. While total forecast deliveries are relatively unchanged, the company is forecasting a reduction in the average length of haul from 198.8 kilometres to 192.1 kilometres.

The company also asked that its existing tolls be made interim until the Board renders a decision on the requested toll increase.

On 12 July 1990, the Board approved the request for interim tolls effective 15 July 1990.

The application is currently under review.

5. *Interprovincial Pipe Line Company, a Division of Interhome Energy Inc. - Application to Defer Class 3 Toll Hearing for 1991*

On 25 January 1990, the Board requested Interprovincial to file a Class 3 toll adjustment application for the 1991 test year by 31 July 1990.

On 31 July 1990 Interprovincial requested the Board to defer the Class 3 toll hearing for the 1991 test year. The Board granted Interprovincial's request and required the company to file a Class 3 application for the 1992 test year.

On 30 April 1990, Interprovincial filed an application for the construction and toll design of natural gas liquids storage facilities near Edmonton. The Board had intended to address Part III of the application by written submissions (GHW-5-90) and the Part IV matters as part of the toll hearing which is now deferred.

Given the deferral of the Class 3 application, the company was advised by RH-3-90 dated 22 August 1990 that the Board now intends to proceed with a public hearing into the Part IV issues for storage facilities in Edmonton, Alberta on 12 November 1990. (Please refer to item 4 under *Hearings Scheduled* and item 2 under *Matters Considered by Written Submissions*.)

6. *North Canadian Oils Limited - Rescission of TG-3-89*

On 31 July 1990, North Canadian Oils filed an application for approval of an order to rescind Order TG-3-89 because the company had executed a transportation contract with Foothills Pipe Lines (Yukon) Ltd. to replace it.

The Board had issued Order TG-3-89 on 10 April 1989, directing Foothills to transport gas on the Foothills zone 9 pipeline on behalf of North Canadian Oils.

On 16 August 1990, the Board issued RO-TG-3-89, rescinding the tariff order.

7. *Financial Regulation Audit Reports*

The Board has adopted its staff's Audit Reports for the years 1988 and 1989 for the following companies:

Alberta Natural Gas Company Ltd.
Trans Québec & Maritimes
Pipeline Inc.
Westcoast Energy Inc.

Copies of the Audit Reports are available to the public on request.

8. *Northridge Petroleum Marketing, Inc. - Rescission of TG-4-89*

On 8 August 1990, Northridge filed an application for approval of an order to rescind tariff order TG-4-89 because the company had executed a transportation contract with TransCanada PipeLines Limited to replace it.

The Board had issued order TG-4-89 on 18 April 1989 directing TransCanada to transport gas from Empress, Alberta to Emerson, Manitoba on behalf of Northridge.

The Board approved the application on 30 August and issued Order RO-TG-4-89.

Electricity Matters

1. *Manitoba Hydro - Export Sale to Minnesota Power Company*

Manitoba Hydro applied on 6 June 1990 for approval of a firm electricity sale of 20 megawatts of short-term firm capacity and associated energy to Minnesota Power Company for the summer period ending 31 October 1990.

The Board approved the application on 28 June 1990.

2. *B.C. Hydro - Export Licences - Application for Variance*

B.C. Hydro applied on 14 August 1990 to renew Licences EL-162, 163 and 164 and to include Powerex as a licensee on Licences EL-162 and 163.

On 16 August 1990, the Board issued its Direction on Procedures for consideration of the application. Interested parties were invited to comment by 24 August 1990. The comments received are currently under review.

**Electricity Export -
Memorandum of Guidance**

In light of Bill C-23, an *Act to Amend the National Energy Board Act*, coming into force on 1 June 1990, the Board issued on 22 June 1990 a Memorandum of Guidance informing parties of the measures the Board intends to take to fully implement the new provisions of its *Act* and, in particular, to advise parties of immediate changes to the Board's procedures in respect of electricity export and international power lines applications.

Electricity Review

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review interprovincial electricity trade. Specifically, the Minister asked the Board to review and report on possible measures that could be taken to

- (i) encourage greater interprovincial cooperation between Canada's electrical utilities, and
- (ii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces for wheeling purposes.

In March 1989, the Board advised the Minister of the approach it was

proposing to take in conducting the review. In May, the Minister agreed with the suggested approach.

On 11 January 1990, the Board decided that it would carry out the review along two separate tracks. The first will focus on inter-utility cooperation. The second will address questions relating to wheeling and transmission access.

On 2 March 1990, the Board issued a questionnaire on inter-utility cooperation and a staff study entitled "*Inter-Utility Cooperation - A Conceptual Framework*." Comments from interested parties were requested by 12 May, later extended to 11 June.

Replies have been received and are being analysed.

Canadian Energy Supply and Demand

The Board last published its projections of Canadian energy supply and demand in a report entitled *Canadian Energy Supply and Demand 1987-2005*, dated September 1988.

Board staff will be updating the projections during 1990 and 1991, separate from any of the Board's current or anticipated regulatory proceedings.

It is intended that a report containing an assessment of the Canadian total energy outlook for the period 1989 to 2010 will be published in the summer of 1991.

Early Public Notification of Proposed Applications - Memorandum of Guidance

To allow the Board to evaluate the level of public concern over the impact of a project on the environment, the Board decided that it is necessary to ensure full notification to the public of proposed applications having potential environmental and social effects.

On 6 September 1989, the Board issued for comment by all companies under its jurisdiction and other interested parties a draft Memorandum of Guidance regarding the early public notification of proposed applications for pipeline construction or expansion, export of electricity, or export of high-sulphur crude oil from the west coast of Canada.

The intent of the Memorandum of Guidance was to provide for public input during the project planning and development stage which would then be incorporated into applications to the Board. It is anticipated that providing early public notification of proposed applications would improve its regulatory process.

On 17 July 1990, after completing its consultative process, the Board issued a final Memorandum of Guidance.

Environmental Exclusion

Pursuant to Section 11(a) of the Environmental Assessment and Review Process (EARP) Guidelines Order, the Board has developed, in cooperation with the Federal Environmental Assessment and Review Office (FEARO), a list of activities which would normally have no associated environmental impacts or public concerns and which could be automatically excluded from further environmental screening and review. The exclusion list refers to various activities prescribed under the *NEB Act* for which the Board has decision-making responsibility.

The implementation of the exclusion list will help to streamline the Board's environmental review procedures. Nonetheless, the Board will continue to examine all applications on the exclusion list to identify any unusual circumstances which might warrant an environmental screening.

The exclusion list does not change the Board's environmental information

requirements for long-term energy export applications or major pipeline facilities applications.

Anyone requiring a copy of the exclusion list can contact the Regulatory Support Office at (613) 998-7204.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The *Onshore Pipeline Regulations* provide for the safe design, construction and operation of onshore oil and gas pipelines. The regulations will be updated and amended to reflect the outcome of Board-industry deliberations on the 12 recommendations included in the Board's report of June 1986 on an accident on Interprovincial's system in February 1985. (See item 1 under *Reviews*.)

The Board will proceed at the same time with various housekeeping amendments to the Regulations. The proposed amendments will require examination by the Department of Justice and approval by the Governor in Council.

2. Offshore Pipeline Regulations

On 24 November 1988, the Board issued for comment the second draft of its new *Offshore Pipeline Regulations*. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA standard, "CAN/CSA-Z187-M87, Offshore Pipelines", forms the technical basis for the Board's new *Offshore Pipeline Regulations*.

Interested parties had until the end of April 1989 to submit comments. A final draft of the regulations was approved by the Board on 12 July 1989. The draft regulations have been submitted to the Department of Justice

for examination. The Board is currently reviewing the final edited discussion draft submitted by the Department of Justice.

3. *Part VI Regulations*

The *Part VI Regulations* are being amended to reflect the new electricity export policy.

Also, on 5 February 1990, the Board sent a letter to industry and other interested parties inviting them to comment on several amendments the Board proposes to make as soon as possible with regard to regulation of imports of natural gas authorized by orders and natural gas imports for re-export and exports for re-import, which are currently authorized by licences.

The Board is proposing to amend subsection 8(1)(b) of the regulations so that imports could be authorized by order for a period of up to 24 months with no volumetric restrictions. Subsection 8(1)(c) will be amended to permit imports of natural gas pursuant to an order for a period of between 24 months and 20 years to a maximum of 30 000 cubic metres per day. These amendments will result in imports of natural gas by order being treated in exactly the same manner as exports.

With regard to long-term natural gas imports for re-export and exports for re-import, these are currently authorized by licence which, in accordance with subsection 24(1) of the *Act*, necessitates the holding of a public hearing. The Board is proposing to amend the regulations so that such shipments could be authorized by order for up to 25 years.

As well, other revisions are being proposed to reflect the natural gas Market-Based Procedure and the changes suggested by the Standing Joint Committee on Regulatory Scrutiny. They include the removal of certain provisions respecting export and

import reporting requirements, which are now to be included in the *Export and Import Reporting Regulations* (see below). On 10 August 1990 the Board submitted the proposed amendments to interested parties for comment. An information session on the proposed changes was held in Ottawa on 29 August 1990, and one is scheduled to be held in Toronto on 10 September 1990 and two in Calgary on 11 September 1990.

The proposed amendments will require examination by the Department of Justice and approval by the Governor in Council.

4. *Export and Import Reporting Regulations*

These proposed regulations would require companies exporting oil, natural gas, or power, or importing natural gas to provide certain information to the Board. The information is similar to that currently required by the *Part VI Regulations*.

The Board decided to remove the reporting requirements from the *Part VI Regulations* and make these new regulations under subsection 129(1) of the *Act*, on the suggestion of the Standing Joint Committee on Regulatory Scrutiny.

The Regulations, which will require Governor in Council approval, will be processed together with the comprehensive amendment to the *Part VI Regulations* noted above.

5. *Regulations Pertaining to Crossings Involving International Power Lines*

Following receipt of comments from interested parties on draft *International Power Line Crossing Regulations*, the Board approved a new draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. *International Power Line Crossings, Construction and Abandonment Regulations*

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. *International Power Line Crossings Regulations*

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

The scope of these regulations has been re-examined in view of the new electricity export policy; the regulations are expected to be submitted to the Department of Justice for examination this month.

6. *Cost Recovery Regulations*

Pursuant to the government's cost recovery initiative introduced in the May 1985 Budget, the Board completed a feasibility study on recovering the costs of regulation from companies under its jurisdiction. The study received Treasury Board's approval in principle in November 1988. Consultation with industry took place during 1989. The Board submitted a report on these consultations and implementation options to the Minister who in turn submitted the package to Treasury Board for decision. On 25 February 1990, Treasury Board directed the Board to proceed with 100 percent cost recovery.

Bill C-23 gives the Board the necessary powers to recover costs.

On 30 January, the Board issued a further draft of the Regulations for comments by interested parties, due 30 March. The Regulations have been reviewed by the Department of Justice

and were approved by Treasury Board in August. Implementation is currently scheduled for November 1990.

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the *Rules of Practice and Procedure* and the schedules

which form part of the rules. The Board has asked all parties to use them, although they must still be published in the *Canada Gazette* before they become binding.

The Department of Justice has completed an initial examination of the

rules and the Board is reviewing them in light of the amendments to the *Act* as a result of Bill C-23, recent changes in export regulation and comments from the Department of Justice. The revised draft will require further examination by the Department of Justice and publication in the *Canada Gazette*.

Administrative Matters

Reports and Speeches (Available upon request)

1. *System Reliability Within the Context of Canadian Electricity Export Regulations*, a presentation by David Smith, Member, to the Northeast Power Coordinating Council in Hartford, Connecticut on 28 June 1990.
2. *Canadian Electric Utilities - Analysis of Generation and Trends - 1988*, issued in August 1990
3. *Compendium of Regulatory Documents used at the National Energy Board* - July 1990
4. *Workshop on Benefit-Cost Analysis and Export Impact Assessment*, Papers presented at a workshop held in Calgary in November 1989

sponsored by the National Energy Board and the Canadian Energy Research Institute - November 1989

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900.

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added thereto, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L4: Oil and Gas matters
- L5: Electrical matters
- L6: Annual Reports only
- L7: Press Releases only
- L8: Regulatory Agendas only
- L9: Environmental Matters

Lists 2 and 3, which covered oil and gas matters separately, have been amalgamated into List 4.

National Energy Board



Marie Tobin
Secretary

For copies of documents contact:
For information contact:

Regulatory Support Office (613) 998-7204
Denis Tremblay, Information Services (613) 990-1850

Appendix I

Instructions For Filings With The National Energy Board

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies	Type of Application or Filing	No. of Copies
(a) Hearing Matters		<i>(iii) Oil Exports</i>	
(i) Certificates		Registered Oil Export Orders	10
- Pipeline	35	<i>(iv) Tolls</i>	
- Power line	30	Class I and II Adjustments	20
(ii) Export licences		Interim Orders	20
- Natural gas	35	Operating and Maintenance Budgets	20
- Electricity	30	Changes in Depreciation Rates	20
(iii) Tolls	35	Quarterly Surveillance Reports	20
(iv) Land Acquisitions	10	New or Changed Tariffs	20
		Domestic Gas Sales Contracts and	
		Amendments	20
		Amendments to Tariff Orders	20
(b) Non-Hearing Matters		<i>(v) Pipelines and Power Lines</i>	
(i) <i>Natural Gas</i>		Exemption Orders Power Lines	15
Export Orders	5	Exemption Orders Pipelines (Sec. 58)	20
Orders for Transmission Access	20	Certificate Amendments	20
Licence Amendments	20	Certificate Revocations	20
Amends to Export Contracts	20	Leaves to Sell or Transfer	20
Licence Revocations	20	Incident Reports	20
(ii) <i>Electricity Exports</i>		<i>(vi) Other</i>	
Orders	15	Applications for Review	20
Licence Amendments	15		
Licence Revocations	15		

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5. (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900)

Appendix II

NATIONAL ENERGY BOARD Selected List of Telephone Numbers

BOARD MEMBERS

Chairman	R. Priddle	990-3454
Vice-Chairman	J.-G. Fredette	990-3462
Member	R.B. Horner, Q.C.	990-3459
Member	W.G. Stewart	990-3470
Member	A.B. Gilmour	990-3312
Member	A. Côté-Verhaaf	990-3264
Member	M. Musgrove	990-3466
Member	C. Bélanger	990-9528
Member	R. Illing	990-3460
Temporary Member	D.B. Smith (403)	292-6694
Temporary Member	K.W. Vollman	990-3465

EXECUTIVE DIRECTOR

Executive Director	R. Glass	998-7190
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Finance and Administration Branch

A/Director	J. Klotz	990-6523
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Personnel Branch

Director	J. Thompson	993-4823
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Planning and Review Branch

Director	C. Scott	990-6845
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Information Technology Branch

Director	D. Emmens	998-7974
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OFFICE OF THE SECRETARY

Secretary	M. Tobin	990-3167
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A/Asst. Secretary Regulatory	B. McEwen	990-3447
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A/Asst. Secretary Communications	A. Sicotte	998-7193
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A/Chief, Information Services	U. Perovic	990-3166
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Manager, Library	N. Park	990-6221
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Board Distribution Centre (Room 1064)		998-7204
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General Information		998-7204
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ENERGY REGULATION DIRECTORATE

Director General, Energy Regulation	P.L. Miles	998-7929
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Economics Branch

Director	M. Segal	998-9378
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Asst. Director & Manager, Economic Analysis Group	R. Jackson, Jr.	998-7213
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Manager, Forecasting and Energy Market Analysis	E. Ruddick	998-7936
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Electric Power Branch

Director	A.N. Karas	990-0329
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Special Advisor and Chief Generation Planning	M. Warnes	990-0335
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Chief, Regulatory	G. Izsak	990-0334
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Chief, Power System Planning	E. Vaahedi	990-0322
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Energy Supply Branch

Director	D.R. Collyer	998-7952
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Chief & Asst. Director, Crude Oil Supply	G.C. Hos	998-7921
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Chief, Special Projects	B. Bowers	998-7922
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Chief, Natural Gas Supply	P.R. Bourgeois	998-7925
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Chief, Geology and Reserves	C.H. Gemeroy (403)	292-5400
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Gas and Oil Branch

Director	R.M. White	990-6235
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Asst. Director and Chief, Market Analysis and Export Surveillance	R. Choy	993-7653
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Chief, Gas Export	D.M. Dubuc	993-6433
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Chief, Transportation and Oil Exports	H.H. Pols	993-7656
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Senior Advisor Oil Matters	B.A. Wells	990-6238
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PIPELINE REGULATION DIRECTORATE

Director General,
Pipeline Regulation E.L.M. Gordon 990-3314

Environment Branch

Director P.A. Carr 998-7179

Chief & Asst. Director,
Environment S.P. Pierce 998-7181

Chief Operational
Programs G.R. Higginson 998-7182

Chief, Regulatory
Affairs S.A. Burgess 998-7149

Chief, Pipeline
Crossings R.C. Seaman 998-7153

Financial Regulation Branch

Director H.K. Pau 990-3188

Asst. Director, Manager,
Operations G.S. Johnson 990-3191

Chief,
(IPL, IPL(NW)) C.M. Sharp 990-3203

Chief,
(Westcoast, TMPL) J.J. Dolan 990-3204

Chief,
(TransCanada, TQM) G. O'Brien 990-3205

A/Chief, (Trans-Northern,
Alberta Natural Gas,
Cochin, Group 2
Pipelines) D.Grunig 990-3213

A/Advisor, Capital and
Labour Costs,
Toll Design J. MacKay 990-3216

Advisor, Accounting, Auditing
and Taxation (Foothills) Aideen Brown 990-3206

Pipeline Engineering Branch

A/Director G. Caron 998-7160

A/Assistant Director and
A/Chief, Gas Pipelines
West F. Jacovella 998-7134

A/Chief, Gas Pipelines
East J. McCarthy 990-3185

A/Chief, Oil Pipelines A. Cadieux 998-7117

Chief, Group 2 Pipelines
and Data Bases F. Jeglic 998-7133

Chief, Safety L. Gales 998-7118

Coordinator, Standards
and Regulations J. Abes 998-7116

Chief, Field
Inspection D. Watson 998-7125

LAW BRANCH

A/General Counsel J. Morel 990-6223

Assistant General
Counsel L. Meagher 990-6229

Counsel D. Bursey 990-6231

Counsel M. Fowke 990-6228

Counsel R. Graw 990-6232

Counsel A. Vockeroth 990-3488

Counsel S. Courtemanche-
Scott 990-6226

Counsel J. Syme 990-6227

Counsel N. Bouffard 990-1297

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas, and electricity, the certification of interprovincial and international pipelines and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by the Minister of Labour to administer Part II of the *Canada Labour Code*.

Head Office:

National Energy Board
473 Albert Street
Ottawa, Ontario
K1A 0E5

(613) 998-7204

Calgary Office:

National Energy Board
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Regulatory Agenda

Issue No. 35

1 December 1990

Applications Considered by Hearing

Recent Hearing Reports and Decisions

Since the 1 September 1990 edition of the Agenda, the following reports and decisions have been published by the Board following public hearings:

1. *Hydro-Québec - Two Applications for Electricity Exports - EH-3-89*

Reasons for Decision dated August 1990; issued 27 September 1990.

On 28 July 1989, Hydro-Québec filed two applications for licences to export firm power and energy to New York Power Authority and Vermont Joint Owners.

- **New York Power Authority -** Hydro-Québec requested approval to export two blocks of firm power and energy.

The first block would allow for the export of 500 megawatts of power over the 20-year period 1 May 1995 to 30 April 2015. This request includes the delivery of a maximum export of 66 terawatt hours of firm energy. The second block would allow for the export of the same quantities of power and energy during the 20-year period 1 May 1996 to 30 April 2016.

Vermont Joint Owners - Hydro-Québec requested approval to

export seven blocks of firm power and energy, varying in size from 19 to 200 megawatts and varying in duration from 5 to 22 years. Together the blocks total 450 megawatts of firm power and a maximum of 62 terawatt hours of associated energy during the period 1 May 1990 to 31 October 2020.

The two applications were considered at a hearing held in Montreal from 19 February to 1 March 1990. The hearing concluded in Ottawa on 5 March 1990.

The Board approved the applications and issued seven licences subject to the condition that these shall remain valid to the extent that any production facility required by Hydro-Québec to supply

the authorized exports, for which construction had not been authorized at the completion of the hearing, will have been subjected prior to construction to applicable federal environmental assessment and review procedures as well as standards and guidelines.

The licences received Governor in Council approval on 25 October 1990.

2. *Various Applications for Gas Export Licences - GH-6-89*

Reasons for Decision dated July 1990; issued 13 September 1990.

The Board considered six applications to export natural gas at a public hearing held in Calgary from 19 to 21 March 1990.

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National Energy Board



Canada

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7, as amended by S.C. 1990, c. 7.

A profile of the National Energy Board appears on the last page of this agenda.

The Board issued six licences allowing the export of some 31.4 billion cubic metres (1 trillion cubic feet) over the next 12 to 15 years. The licences received Governor in Council approval on 8 November 1990.

CanStates Gas Marketing and Transco Energy Marketing Company were issued a joint licence, authorizing the companies to export up to 5 594 million cubic metres (197.5 billion cubic feet) of natural gas over a 12-year term ending 31 October 2002. CanStates/TEMCO had requested approval to export 7 095 million cubic metres (250 billion cubic feet) of natural gas during a 15-year period. The natural gas will be exported at Niagara Falls, Ontario and will fuel a cogeneration facility in Hopewell, Virginia.

Esso Resources Canada Limited received a licence jointly with **Transco Energy Marketing Inc.** The licence authorizes the export of up to 9 308 million cubic metres (329 billion cubic feet) of natural gas over the 12-year term ending 31 October 2002. The Board decided to issue a new licence rather than amend Esso's existing Licence GL-82. The gas, to be sold to TEMCO at Niagara Falls, Ontario, will be resold to three local distribution companies in the United States.

FSC Resources Limited was issued a licence authorizing the export of up to 8 377 million cubic metres (296 billion cubic feet) of natural gas over the 15-year period ending 31 October 2005. The natural gas will be exported at Napierville, Quebec and will be used to fuel three cogeneration facilities to be constructed near Plattsburgh, New York.

Ramarro Resources Inc. received a licence authorizing the export of 926 million cubic metres (33 billion cubic feet) of natural gas over the 15-year period ending 31 October 2005. The natural gas will be exported at Niagara Falls, Ontario to Energy Marketing

Exchange Inc. of Edison, New Jersey for use in a cogeneration facility in Milford, New Jersey.

Vector Energy Inc. was issued a licence to export up to 5 026 million cubic metres (177 billion cubic feet) of firm natural gas over the 15-year period ending 31 October 2005. Vector had requested authority to export 5 823 million cubic metres (206 billion cubic feet) of firm and interruptible natural gas. The gas will be exported at Niagara Falls, Ontario to Altresco Inc. of Denver, Colorado for use in a proposed cogeneration facility in Pittsfield, Massachusetts.

Western Gas Marketing Limited received a licence authorizing the export of up to 2 327 million cubic metres (82 billion cubic feet) of natural gas over the 15-year period ending 31 October 2005. The gas will be sold at Emerson, Manitoba to Southeastern Michigan Gas Company.

The Board conducted an environmental screening of the applications by means of written submissions (Refer to item 1(a) under *Matters Considered by Written Submissions.*)

3. Westcoast Energy Inc. - McMahon Plant - GH-5-90

Reasons for Decision dated September 1990; issued 11 October 1990.

The Board held a hearing on 20 and 21 August 1990 in Fort St. John, British Columbia on an application by Westcoast to expand its McMahon Plant facilities in northeastern British Columbia.

The Board approved the expansion project which will increase the raw gas processing capacity of the plant by 18 percent to 19.255 million cubic metres (679 million cubic feet) per day. The proposed facilities are expected to be installed by November 1991 at an estimated cost of \$108 million.

The Board also conducted an environmental screening of the application and found that any potential adverse environmental effects and directly related social effects associated with the proposed plant expansion would be insignificant or mitigable with known technology.

4. TransCanada PipeLines Limited - Tolling and Economic Feasibility - 1991/92 Expansion Project - GH-5-89

Reasons for Decision dated November 1990; issued 6 November 1990.

A public hearing on the above matters was held from 28 May to 26 September 1990, for a total of 59 days. These matters were considered as part of a hearing (GH-5-89) being held on TransCanada's proposal to expand its system in 1991 and 1992 and on 15 applications for gas export licences. The GH-5-89 hearing is now dealing with the remainder of the facility matters and export proposals.

The Board was of the view that rolled-in toll methodology continues to be appropriate and has decided that all facilities approved for TransCanada's 1991 and 1992 expansion program will be rolled into TransCanada's rate base for toll purposes.

The Board also decided not to implement any of the proposed quantitative economic feasibility tests and that economic feasibility of the proposed pipeline facilities would be determined by having regard to evidence on all relevant factors which impact the likelihood of the facilities being used at a reasonable level over their economic life and of the likelihood of the demand charges being paid.

The Board also decided on other toll-related matters.

5. TransCanada PipeLines Limited - 1991/92 Expansion Program - Partial Facilities Certificate Application - GH-5-89

Reasons for Decision dated November 1990; issued 13 November 1990.

A public hearing of the partial facilities certificate application was held on 15 and 18 October 1990 as part of hearing GH-5-89 (Refer to item 4 above and item 1 under *Hearing in Progress*.)

On 31 August 1990, TransCanada requested that the Board consider issuing a decision on part of the facilities in its 1991/92 expansion project to allow for winter construction to ensure November 1991 service for TransCanada's most assured requirements. TransCanada requested approval to construct 394.1 kilometres of system-wide pipeline looping and the 4.5-kilometre Iroquois Extension, and to relocate two portable compressor units at a cost of \$546 million. The facilities will provide 2.92 million cubic metres (103 million cubic feet) per day of firm service transportation required by specific domestic shippers and 1.47 million cubic metres (52 million cubic feet) per day of advance capacity for 1 November 1991.

The Board approved the application and recommended that the Governor in Council issue a certificate for the facilities.

6. Husky Oil Operations Ltd., Mobil Oil Canada, Ltd. and L&J Energy Systems, Inc. - GH-3-90

Reasons for Decision dated October 1990; issued 29 November 1990.

The Board held a hearing on 31 July and 1 August 1990 in Ottawa, on applications by Husky, Mobil and L&J to export natural gas.

The Board approved the applications and has decided to issue five licences, which require Governor in Council approval before they may take effect.

Husky, on its own behalf and as agent for Canterra Energy Ltd., was issued a licence to export some 3 154 million cubic metres (111.3 billion cubic feet) of natural gas over a 15-year period. The gas will be exported near Cornwall, Ontario and will be sold to Power City Partners, L.P. for use in a proposed cogeneration facility near Massena, New York.

Mobil received three licences to export some 4 438 million cubic metres (147.7 billion cubic feet) of natural gas for periods of up to 13 years. The gas will be exported near Huntingdon, British Columbia and will be used as system supply by three local distribution companies serving Washington and Idaho.

L&J was issued a licence to export some 1 456 million cubic metres (51.4 billion cubic feet) of natural gas for a period of 12 years. The gas will be exported near Iroquois, Ontario to supply L&J's proposed cogeneration facility to be located in Lowville, New York.

The Board conducted an environmental screening of the applications by means of written submissions. (Refer to item 1(d) under *Matters Considered by Written Submissions*.)

Hearing Decisions Pending

1. Westcoast Energy Inc. - Toll Application - RH-1-90

The Board held a public hearing from 10 October to 6 November 1990 in Vancouver, British Columbia and Ottawa, Ontario to consider an application by Westcoast for toll increases.

Westcoast filed an application for new tolls for the transportation of natural gas beginning 1 January 1991. These proposed tolls would increase the average toll for firm transportation service by about five percent. The company also applied to reduce the

winter and summer tolls for interruptible service.

In an update of its application, the company requested a 5.9 percent increase in its revenue requirement, from \$292.5 million to \$309.8 million, and an 8.8 percent increase in its rate base, from \$820.2 million to \$892 million. The increase in the rate base stems from capital construction which the company intends to undertake during 1991, including a \$108-million expansion of its McMahon Plant. (Refer to item 3 under *Recent Hearing Reports and Decisions*.) Westcoast also requested an increase in its return on common equity from 13.25 percent to 14.375 percent.

The Board also examined Westcoast's raw gas transmission facility expansion policy. On 19 October 1990, the Board decided on the tests to be used to determine whether a surcharge should be levied on a raw gas transmission expansion. The Board also decided that, if the expansion were to be located upstream of an underutilized processing plant, it would be appropriate to include a portion of the incremental firm processing revenues in the determination of the surcharge. On 30 October 1990, IPAC requested that the Board clarify one aspect of that decision. The Board invited parties to comment on IPAC's concern in final argument. The Board also decided to allow parties to make further comments on this matter in writing by 13 November 1990. (Refer to item 3 under *Traffic and Tolls Matters*.)

2. Interprovincial Pipe Line Company, a division of Interhome Energy Inc. - Application for a Natural Gas Liquids Storage Facility - RH-3-90

The Board held a public hearing from 12 to 17 November 1990 in Edmonton, Alberta to consider the question of the need for proposed natural gas liquids storage facilities near Edmonton, as well as the toll and access issues related to such facilities.

The Board is examining, by means of written submissions, an application dated 30 April 1990 by Interprovincial requesting approval of a proposal to construct a natural gas liquids storage facility. (Refer to item 2 under *Matters Considered by Written Submissions*.)

The proposed facility, to be built adjacent to Interprovincial's Edmonton terminal, would include nine 350-metre sections of 2,032-metre underground pipe-type storage vessels, and related fill and pumpout lines.

3. North Canadian Oils Ltd. and Poco Petroleum Ltd. - Natural Gas Export - GH-7-90

The Board held a hearing on 23 October 1990 in Vancouver, British Columbia on an application by North Canadian Oils and two applications by Poco for licences to export natural gas.

North Canadian Oils proposed to export up to 1 084 million cubic metres (38.3 billion cubic feet) of natural gas at Emerson, Manitoba over a 15-year period beginning 1 January 1991. The gas would be sold to Ada Cogeneration Limited Partnership for use at its cogeneration plant in Ada, Michigan.

Poco's first application was to export 1 138 million cubic metres (40.2 billion cubic feet) of natural gas from Huntingdon, British Columbia beginning 1 September 1990 and ending 31 October 1999. The gas would be sold to Washington Natural Gas Company for system supply.

Poco's second application was to export up to 1 583 million cubic metres (56 billion cubic feet) of natural gas from Huntingdon, British Columbia over a 9-year period beginning 1 November 1990. The gas would be sold to IGI Resources, Inc. of Boise, Idaho to supply customers in the Pacific Northwest area of the United States.

The Board is also conducting an environmental screening of the applications by means of written submissions. (Refer to item 1(b) under *Matters Considered by Written Submissions*.)

4. Westcoast Energy Inc. - Hossilt Pipeline Project - GH-8-90

The Board held a hearing on 1 November 1990 in Ottawa, Ontario on an application by Westcoast to construct the Hossilt pipeline.

The proposed 44.9-kilometre pipeline would initially enable Westcoast to provide firm raw gas transmission and processing services to Unocal Canada Limited. Located in northeastern British Columbia, the pipeline would be constructed at an estimated cost of \$10.9 million and was scheduled to be in service in April 1991. Westcoast also requested approval to levy a monthly surcharge for raw gas transmission service through the proposed facilities.

The Board conducted an environmental screening of the application by means of written submissions. (Refer to item 1(f) under *Matters Considered by Written Submissions*.)

5. TransCanada PipeLines Limited - Gananoque Extension - GH-4-90

The Board held a hearing in Kingston, Ontario between 10 September and 30 October 1990, for a total of 21 days, to consider an application by TransCanada entitled "Gananoque Extension Facilities Review Application".

The proposed extension would be a new pipeline extending 25.2 kilometres from TransCanada's mainline east of Kingston to a point on the international border near Wolfe Island on the St. Lawrence River. The pipeline would transport natural gas to be exported by Western Gas Marketing Limited, as agent for TransCanada, to Niagara Mohawk Power Corporation

in the state of New York, beginning 1 November 1991.

TransCanada estimated that the pipeline, to be constructed in 1991, would cost approximately \$29.6 million.

Final arguments on facility matters will be conducted in writing. The Board considered the toll methodology of the Gananoque Extension in a separate hearing, held on 26 and 27 November 1990. (Refer to item 6 below.)

6. TransCanada PipeLines Limited - Gananoque Extension - Toll Methodology - RH-4-90

The Board held a hearing on 26 and 27 November 1990 to determine the appropriate toll methodology to be applied to TransCanada's proposed Gananoque Extension. (Refer to item 5 above.)

Hearing in Progress

1. Combined Hearing on TransCanada PipeLines Limited 1991/92 Facilities and Associated Gas Export Licences - GH-5-89

(Refer to items 5 and 6 under *Recent Hearing Reports and Decisions*.)

The Board commenced hearings on 26 March 1990 on an application dated 29 June 1989, as amended on 15 December 1989, by TransCanada for approval to expand its pipeline system by 1 November 1991 and 1992 to serve expanding domestic and export markets. At the hearing the Board is also considering 15 gas export applications in support of the facilities requested, two applications for orders requiring TransCanada to transport natural gas and to provide adequate facilities to transport the gas, and certain toll-related issues.

The application includes the construction of 1 592 kilometres of pipeline, the installation of 21 new compressor units and two new compressor stations.

The 1 592 kilometres includes one section of new pipeline, 4.5 kilometres long, at Iroquois, Ontario. The remaining portion consists of parallel

pipeline along TransCanada's system in Saskatchewan, Manitoba and Ontario. The Board approved a portion of the facilities in November 1990.

The facilities are estimated to cost \$2.6 billion.

The export applications being considered at the hearing are as follows:

Applicants	Daily Quantities		Term Quantities	
	Million Cubic Metres	Million Cubic Feet	Billion Cubic Metres	Billion Cubic Feet
Emerson, Manitoba:				
Kamine South Glens Falls Cogen Co., Inc./Beta South Glens Falls Inc.	.402	14.2	2.1	74
Niagara Falls, Ontario:				
Canadian Occidental Petroleum Ltd.	.433	15.3	2.4	84
Western Gas Marketing Limited	.283	10.0	1.6	55
FSC Resources Limited	.453	16.0	2.5	87
Iroquois, Ontario:				
Pawtucket Power Associates Limited Partnership	.36	12.8	2.6	93
JMC Selkirk, Inc.	.651	23.0	3.7	130
ProGas Limited ¹	.708	25.0	4.8	170
Esso Resources Canada Limited	.991	35.0	5.4	192
New England Power Company	1.699	60.0	9.3	329
Chippawa, Ontario:				
Enserch Development Corporation, on behalf of Encogen Four Partners Limited	.441	15.6	2.4	84
Indeck Gas Supply Corporation, by its agent Northstar Energy Corporation (Corinth)	.461	16.3	2.5	87
Indeck Gas Supply Corporation, by its agent Northstar Energy Corporation (Ilion)	.212	7.5	0.8	30
Kamine Carthage Cogen Co. Inc./Beta Carthage Inc.	.402	14.2	2.1	74
Fulton Cogeneration Associates	.359	12.7	1.6	55
Unigas Corporation	.453	16.0	1.7	59

1. ProGas requested an amendment to an existing licence with no change in the term quantity.

The Board is also considering at the hearing two applications requesting orders requiring TransCanada to receive, transport and deliver natural gas offered by the applicants and to provide adequate and suitable facilities to do so.

The applications are as follows:

Applicant	Application Date
Indeck Gas Supply Corporation	21 December 1989
Rochester Gas and Electric Corporation (for Unigas Corporation)	15 January 1990

The Board also considered certain toll-related issues including the appropriate toll treatment of construction cost overruns, cost of facilities which may turn out to be underutilized, the appropriate toll treatment of the proposed facilities and the means by which the economic feasibility of the proposed facilities could be determined. The Board decided on these matters in November 1990. (Refer to item 4 under *Recent Hearing Reports and Decisions*.)

The Board also conducted an environmental screening of these applications. (Refer to item 1 (c) under *Matters Considered by Written Submissions*.)

Hearings Scheduled

1. *Westcoast Energy Inc. - Adsett Pipeline Project - GH-6-90*

The Board will hold a public hearing commencing on 14 January 1991 in Fort Nelson, British Columbia to consider an application by Westcoast to construct the Adsett Pipeline.

The expansion proposal involves the construction of an 81.45-kilometre raw gas transmission pipeline extending from the Adsett gas field in north-eastern British Columbia to Westcoast's Fort Nelson Gas Processing Plant.

Initially, the proposed pipeline would enable Westcoast to provide firm transmission services to three shippers.

The estimated cost of the facilities is \$16.8 million.

2. *Trans Québec & Maritimes Pipeline Inc. - RH-2-90*

The Board will hold a public hearing commencing on 10 December 1990 in Ottawa to consider an application by TQM to increase its rate of return on common equity from 13.75 percent to 14.75 percent for both 1991 and 1992.

TQM's proposal forms part of an application to increase the tolls on its natural gas pipeline system by 9.4 percent in 1991 and a further 2.8 percent in 1992.

Matters other than rate of return were considered by written submissions during September and October.

3. *Dartmouth Power Associates Limited Partnership - Export of Natural Gas*

The Board will hold a public hearing commencing on 19 February 1991 in Ottawa to consider an application by Brymore Energy Ltd., as agent for Dartmouth Power, for a licence to export natural gas.

The applicant is requesting a licence to export 2.9 billion cubic metres (103.4 billion cubic feet) of natural gas at Empress, Alberta for 20 years beginning 1 November 1992. The gas will be used to fuel a proposed cogeneration facility in Dartmouth, Massachusetts.

An environmental screening of the proposed export will be conducted by means of a written procedure conducted separately from the public hearing.

Matters Considered by Written Submissions

1. *Environmental Screening of Various Projects*

The Board is conducting or has conducted environmental screenings, in accordance with the *Environmental Assessment and Review Process Guidelines Order*, of various projects before it, to determine whether and, if so, the extent to which, there may be any potential environmental effects and social effects directly related to those environmental effects.

(a) Six applications for natural gas export licences (GH-6-89) - GHW-3-90. (Refer to item 2 under *Recent Hearing Reports and Decisions*.)

The Board found that any potential adverse environmental effects and directly related social effects of the exports would be insignificant or mitigable with known technology.

(b) Application by Poco Petroleum Ltd. and North Canadian Oils

for natural gas export licences (GH-7-90). (Refer to item 3 under *Hearing Decisions Pending*.)

(c) Application by TransCanada PipeLines Limited for 1991/92 facilities, applications by 15 companies for natural gas export licences and two applications under section 71 of the Board's Act - GH-5-89. (Refer to item 1 under *Hearings in Progress*.)

The Board found that any potential adverse environmental effects and directly related social effects of the applications would be insignificant or mitigable with known technology.

- (d) Applications by Husky Oil Operations Ltd, Mobil Oil Canada, Ltd. and L&J Energy Systems, Inc. for natural gas export licences (GH-3-90) PO-1-GH-3-90 and PO-2-GH-3-90. (Refer to item 6 under *Recent Hearing Reports and Decisions.*)

The Board found that any potential adverse environmental effects and directly related social effects of the exports would be insignificant or mitigable with known technology.

- (e) Natural gas exports, which the Board approved in August 1989, from the Mackenzie Delta by Esso Resources Canada Limited, Gulf Canada Resources Limited and Shell Canada Limited (GH-10-88) - GHW-2-90.

All interested parties have provided written submissions to the Board and Esso, Gulf and Shell have filed their reply. The Board is currently reviewing all the information provided as part of its environmental screening of the export proposal.

- (f) Westcoast Energy Inc.'s application to construct the Hossit Pipeline (GH-6-90). (Refer to item 4 under *Hearing Decisions Pending.*)

The Board found that any potential adverse environmental effects and directly related social effects of the project would be insignificant or mitigable with known technology.

- (g) Application by Dartmouth Power Associates Limited Partnership for a natural gas export licence (GH-9-90). (Refer to item 3 under *Hearings Scheduled.*)

The screening is currently in progress.

2. *Interprovincial Pipe Line Company, a division of Interhome Energy Inc. - Natural Gas Liquids Storage Facility - GHW-5-90*

The Board is examining an application, dated 30 April 1990, by Interprovincial requesting approval of a proposal to construct a natural gas liquids storage facility.

The proposed facility, to be built adjacent to Interprovincial's Edmonton terminal, would include nine 350-metre sections of 2.032-metre underground pipe-type storage vessels, and related fill and pumpout lines.

The storage facility would allow suppliers to accumulate natural gas liquids at the line rate and batch size needed for periodic injection into Interprovincial's pipeline system.

Construction would start in April 1991 at an estimated cost of \$18 million.

This written proceeding is to examine all Part III matters of the application except "need". The "need" issues and all Part IV matters were dealt with in a public hearing held in Edmonton from 12 to 17 November 1990. (Refer to item 2 under *Hearing Decisions Pending.*)

The Board is also conducting an environmental screening of the application (PO-1-GHW-5-90).

3. *New Brunswick Power - Application for Electricity Exports - EW-1-90*

On 15 February 1990, New Brunswick Power filed an application for six authorizations to export as follows:

- a) a licence to export 100 megawatts of firm electricity to Massachusetts Municipal Wholesale Electric Company from 1 November 1991 to 31 October 1993 and 50 megawatts of firm electricity from

1 November 1993 to 31 October 1994;

- b) a licence to export interruptible electricity to the Maine Electric Power Company from 1 November 1990 to 31 October 2000;
- c) a licence to export electricity as a carrier transfer for the Maine Public Service Company and the Eastern Maine Electric Co-Operative from 1 November 1990 to 31 July 2002;
- d) a licence to export interruptible energy to the Maine Public Service Company from 1 November 1990 to 31 October 2000;
- e) a licence to export firm electricity through the Maine Public Service Company as a carrier transfer from 1 November 1990 to 31 July 2002; and
- f) a licence to export interruptible electricity to the Eastern Maine Electric Co-Operative from 1 November 1990 to 31 October 2000.

All of these licences would replace expiring licences which authorize similar transactions.

The application is the first to be processed in accordance with the Board's Memorandum of Guidance of 22 June 1990, which describes the steps it will follow to implement the new Canadian Electricity Policy. Bill C-23, an *Act to Amend the National Energy Board Act*, which contained the amendments required to implement the electricity policy, came into force on 1 June 1990. Under the provisions of the amendments, an export of electricity may be authorized by permit, without a public hearing, unless the Governor in Council, upon the recommendation of the Board, designates a proposed export for licensing which would necessitate a public hearing.

Before determining whether to issue a permit or recommend to the Governor in Council that it designate New Brunswick Power's application for licensing, the Board requested, by means of Order EW-1-90, that interested parties make their views known to the Board. Order EW-1-90 also included provision for interested parties to make submissions to assist the Board in conducting an environmental screening of the application in order to reach a determination pursuant to section 12 of the EARP Guidelines Order.

Interested parties had until 30 July 1990 to file an intervention with respect to the application and the environmental screening process.

The Board requested the Governor in Council to extend the termination date of the present licences until 31 January 1991 so as to allow the exports to continue while the Board is continuing its review of the application.

The Governor in Council approved the extension of the licences on 8 November 1990.

4. *New Brunswick Power Application for Electricity Exports - EW-2-90*

On 13 July 1990, New Brunswick Power filed an application for two authorizations as follows:

a) an authorization to export firm electricity (from the Point Lepreau nuclear generating station) to the Eastern Maine Electric Co-Operative, Inc. at the rate of 3 megawatts from 1 November 1990 to 31 October 1993 and 1.5 megawatts from 1 November 1993 to 31 October 1994; and to export 20 megawatts of firm electricity from NB Power's other generating stations from 1 November 1990 to 31 October 1994.

b) an authorization to export electricity as a carrier transfer for the

Houlton Water Company of Houlton, Maine from 1 October 1990 to 31 October 2002.

The first authorization would replace an expiring licence which authorizes a similar transaction. The second requested authorization would involve a small portion of the electricity which would otherwise be included in electricity exported under the licence request (c) of NB Power's 15 February 1990 application (item 3 above).

Interested parties had until 13 September 1990 to file an intervention.

After a review of the interventions received, the Board will determine whether to issue a permit or to recommend to the Governor in Council that a public hearing be held.

The Board's review of the application includes an environmental screening by means of written submissions.

The Board requested the Governor in Council to extend the termination date of the present licence until 31 January 1991 so as to allow the exports to continue while the Board is continuing its review of the application. The Governor in Council approved the extension of licence on 8 November 1990.

The Board also issued a temporary permit for the export as a carrier transfer for the period 1 October 1990 to 31 January 1991 so as to allow this transaction while the Board continues its review of the application.

5. *Ontario Hydro - Renewal of Export Authorizations*

On 10 October 1990, Ontario Hydro applied for the renewal of five export authorizations.

The renewal would permit the utility to continue exporting electricity to The Consumers Power Company, The

Detroit Edison Company, General Public Utilities, Minnesota Power, The New York Power Pool, Niagara Mohawk Power Corporation, the Power Authority of the State of New York, and the State of Vermont, in accordance with existing agreements.

The authorizations Ontario Hydro has requested in its application would cover three categories of exports: interruptible, firm, and circulating power and energy. The interruptible electricity exports would have a maximum annual limit of 15 terawatt hours and would extend from July 1990 to June 2006.

Firm exports to the State of Vermont of up to 112 megawatts and 1 320 gigawatt hours would extend from July 1991 to October 1992. Firm exports to the Power Authority of the State of New York of up to 3 megawatts and 15 gigawatt hours per annum to supply the Iroquois Control Dam would extend from July 1991 to June 2021. Firm exports of up to 0.1 megawatts and 200 gigawatt hours per annum, as a border accommodation, would extend from 15 May 1991 to 14 May 2021.

The export of circulating power and energy (unscheduled electricity flows associated with interconnected system operations) of up to 10 terawatt hours per annum would extend from January 1996 to December 2025.

Interested parties had until 3 December 1990 to file an intervention.

After a review of the interventions received, the Board will determine whether to issue a permit or to recommend to the Governor in Council that a public hearing be held.

The Board's review of the application will include an environmental screening by means of written submissions.

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either dormant or still under review.

Company	Date of Application	Description
Dormant		
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of the Eastern Leg of the Alaska Highway Natural Gas Pipeline System
4. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas to the United States (Venture Project)
5. Foothills Pipe Lines Ltd.	30 October 1989	Certificate to construct the Mackenzie Valley Pipeline
Under Review		
6. Rochester Gas and Electric Corporation	24 November 1989	Import and export of natural gas
7. Northridge Petroleum Marketing, Inc.	8 April 1990	Export and import of natural gas
8. Alberta Natural Gas Company Ltd	31 May 1990	Additional and modified compression facilities
9. Washington Water Power Company	30 November 1990	Export of natural gas

Other Regulatory Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, or to authorize toll adjustments.

Since the 1 September 1990 edition of the Agenda, the following major matters have been considered by the Board or are still pending.

Reviews

1. *Interprovincial Pipe Line Company, a division of Interhome Energy Inc. - OHW-1-89*

Reasons for Decision dated October 1990; issued 15 November 1990.

In late 1986, the Board commenced a review of its decision to adopt Recommendation 5.9 made by the Board's panel investigating a fatal accident in 1985 on Interprovincial's pipeline near Camrose, Alberta. The recommendation required pipeline companies under the Board's jurisdiction to remove certain welds and to check the soundness of a sample of other welds.

On 22 July 1988, the Board informed industry that it would conduct the review in two phases. The first phase consisted of a program of inspection or sampling with the intent of gathering evidence for the review. The second phase consisted of a review of the recommendation in view of the submissions filed.

At the same time, the Board requested the companies under its jurisdiction and interested parties to the proceeding to provide additional information.

As a result of the review, the Board rescinded Recommendation 5.9 and substituted therefor new requirements applicable, as a minimum standard, to all pipeline companies under the Board's jurisdiction. The scope of these requirements extends to welds performed before 23 July 1986 to liquid-filled pipe, except branch connection welds located under reinforced fittings. The Board has also decided on the acceptability of the company-specific submissions it received.

In a related matter, the Board invited industry to submit comments on the eleven other recommendations made in the inquiry panel's report. On 22 January, 14 April and 22 July 1988, and 16 February 1989, the Board made a number of decisions in respect of the recommendations and approved corresponding amendments to the *Onshore Pipeline Regulations*.

2. *Alberta Natural Gas Company Ltd - Monthly Cost of Service*

As a result of reviewing the Alberta Natural Gas 1989 surveillance report for the quarter ended 30 September 1989 and the 1990 financial and throughput forecast, the Board directed the company on 21 December 1989 to modify its calculation of monthly cost of service for tariff and billing purposes.

On 14 February 1990, Alberta Natural Gas applied for a review of the Board's decision, specifically, the section which required the company to use the actual average corporate cost rate of debt for billing purposes.

The Board decided on 22 March 1990 to conduct a review and established the due dates for the receipt of submissions from Alberta Natural Gas and interested parties.

The Board issued on 5 July 1990 its decision on this matter re-affirming its directive of 21 December 1989 that the actual corporate cost rate of debt be used to determine interest costs for billing purposes. The Board also decided that the imputed debt structure of Alberta Natural Gas' regulated pipeline should be a combination of both long- and short-term borrowings, in keeping with the normal practice of utility financing. The Board then decided to present, for comment by interested parties, a proposal to subdivide the 65% utility debt component into long-term and short-term components of 60% and 5%, respectively.

The Board set 31 August 1990 as the date for interested parties to file comments on the Board's proposal concerning the debt portion of Alberta Natural Gas' capital structure.

On 30 August 1990, Alberta Natural Gas filed further comments, reiterating its view that the entire deemed debt components should be considered to be long-term in nature. The Canadian Petroleum Association filed its comments on 25 September 1990, agreeing that the entire debt component should be considered as long-term but disagreeing as to the appropriate cost rate. Reply comments from Alberta Natural Gas were received on 25 October 1990.

The comments are currently under review.

3. *Trans-Northern Pipelines Inc. - Review of Order MO-22-89*

By application dated 5 September 1990, Trans-Northern applied to the Board for review of Order MO-22-89.

In a previous application dated 18 September 1989, Trans-Northern had applied to start construction

modifications of its pipeline located under and in the vicinity of a shopping mall in St-Eustache, Quebec. These modifications consisted of the construction of a casing over the pipeline for the full length of the building and a vapour-detection alarm system. This construction would allow the mall owner to construct a new expansion of the mall directly on top of the pipeline. The pipeline transports jet fuel and gasoline.

On 21 December 1989, the Board denied the application. The Board found that Trans-Northern's proposal to construct a casing over the pipeline and to install a vapour-detection alarm system did not provide for a sufficient level of safety for the public. The Board decided that Trans-Northern should relocate its pipeline away from the St-Eustache shopping mall building by 30 September 1990 and issued Order MO-22-89.

With its application of 5 September 1990, Trans-Northern submitted new information that was not available at the time it filed its application in September 1989.

On 21 September, the Board decided to seek comments on the 5 September application from Beauward Shopping Centres Ltd. and the Municipality of St-Eustache.

Appeals

1. *Western Gas Marketing Limited, as agent for TransCanada PipeLines Limited, Indeck Gas Supply Corporation, Niagara Mohawk Power Corporation and Shell Canada Limited (GH-1-89)*

On 20 November 1989, the Board issued its decision in respect of GH-1-89 in which it denied four applications for gas export licences. The Board's Reasons for Decision were issued on 21 December 1989.

Western Gas Marketing, Indeck Gas, Niagara Mohawk and Shell all filed applications with the Federal Court of

Appeal for leave to appeal the Board's decision to deny the applications to export.

Export licences with respect to the four export proposals referred to above have now been issued by the Board and approved by the Governor in Council. Accordingly, the Board expects that the parties will not proceed with the appeals as filed.

2. *Hydro-Québec, le Procureur général du Québec and the Grand Council of the Crees (of Québec) (EH-3-89)*

On 26 October 1990, Hydro-Québec and the Grand Council of the Crees (of Québec) filed in the Federal Court of Appeal applications for leave to appeal the Board's decision of August 1990 to issue licences to Hydro-Québec for exports of firm electricity to the Vermont Joint Owners and the New York Power Authority.

Hydro-Québec's grounds for appeal are that the Board exceeded its jurisdiction when it submitted to the Environmental Assessment Review Process ("EARP") the hydro-electric generation installations to be constructed by it to supply the exports and to federal environmental standards and guidelines the generation of thermal electricity to be exported. Hydro-Québec argues that its generation facilities are local works under the exclusive jurisdiction of the province of Quebec and thus not subject to EARP. The appellant further holds that its proposed facilities would unduly duplicate provincial review processes and standards.

The Grand Council of the Crees (of Québec) argues that the Board erred in applying Bill C-23 which came into force on 1 June 1990 to the applications of Hydro-Québec filed with the Board prior to the coming into force of Bill C-23. The Grand Council is of the view that the Board had to apply paragraph 118(b) of the NEB Act as it read before coming into force of Bill C-23

to the applications of Hydro-Québec and find that the export price was just and reasonable in the public interest which it could not do because of the insufficient evidence filed by Hydro-Québec.

On 31 October 1990, the Board was served with the application for leave to appeal of Le Procureur général du Québec. In addition to the grounds already raised by Hydro-Québec, Le Procureur général du Québec also argues that the EARP Guideline Order does not apply to the Crown in right of a Province and that the provisions of paragraph 119.06(2)(b) of the Act directing the Board to have regard to the environmental impacts of electricity exports are unconstitutional.

Gas Matters

1. *Esso Resources Canada Limited - Amendment to a Gas Sales Contract*

On 26 September 1989, Esso applied to the Board for approval of an amendment to a gas sales contract dated 11 December 1980 between Esso, Transco Energy Marketing Company and Transcontinental Gas Pipe Line Corporation.

The amending agreement would provide for the following changes to the original gas sales contract:

- the level of take-or-pay would be reduced from 75 percent to 65 percent;
- the "Fuel Gas" component of the commodity charge would be separated from the commodity charge and dealt with as a distinct charge; and
- the cap on the "Current Exchange Rate" would be raised from US \$0.80 to US \$1.00.

The Board approved the application on 4 October 1990.

2. ProGas Limited - Amending Agreements - Natural Gas Pipeline Company of America

On 7 May 1990, ProGas applied for approval of two amending agreements to its Gas Export Sales Agreement dated 17 May 1979 with NGPL.

The amending agreements would amend the commodity charge component of the export price and the minimum annual purchase obligation.

The Board approved the application on 8 November 1990.

3. ProGas Limited - Amending Agreement - ANR Pipeline Company

On 1 November 1989, ProGas applied for approval of an amending agreement to its gas sales agreement dated 17 May 1979 with ANR.

The amending agreement would amend the commodity charge component of the export price, as well as the demand charge component.

The Board approved the application on 8 November 1990.

4. Shell Canada Limited - Gas Purchase Agreement and Amendment to Licence GL-100

On 21 December 1989, Shell applied for approval of an executed gas purchase agreement with Granite State Gas Transmission, Inc. with respect to exports under Licence GL-100.

The agreement supersedes a Precedent Gas Purchase Agreement dated 27 July 1989 as well as a Precedent Gas Agreement dated 25 September 1986 associated with export authorizations at Niagara Falls, Ontario.

Shell also applied for an amendment to Licence GL-100 to change the export point from Niagara Falls to Iroquois, Ontario.

On 29 November 1990, the Board approved the agreement. The Board will render a decision on the change of export point in the near future.

5. TransCanada PipeLines Limited - Queuing Procedures

On 15 August 1989, TransCanada requested the Board to clarify certain aspects of the Board's Reasons for Decision dated June 1989 on TransCanada's 1988 and 1989 tolls held under RH-1-88, Phase II, with respect to section 9.10, "Queuing Procedures".

The Board, on 30 October 1989, provided TransCanada with the requested clarification. In the same letter, the Board directed TransCanada to submit its proposed queuing procedures to the Board for review and to interested parties for comment.

TransCanada filed its revised queuing procedures on 5 December 1989.

By letter dated 12 March 1990, TransCanada requested that the Board give early consideration to clause 4.6 of the queuing procedures which deals with financial arrangements. On 5 April, the Board decided to deny the inclusion of clause 4.6 in the queuing procedures.

On 12 July 1990, the Board accepted, with some changes, the queuing procedures as part of the tariff. The Board directed TransCanada to file the amended queuing procedures with the Board and to serve all interested parties by 30 September 1990.

TransCanada filed the amended queuing procedures on 25 September 1990.

6. Western Gas Marketing Limited, as Agent for TransCanada PipeLines Limited - Amendment to Licence GL-18 and Contract Amendments

On 23 October 1989, Western Gas Marketing, as agent for TransCanada,

applied for approval of an amendment to Licence GL-18 which would extend the expiry date from 31 October 1989 to 31 October 1992.

Licence GL-18 authorizes TransCanada to export natural gas to Midwestern Gas Transmission Company (now Viking Gas Transmission Company). The extension was requested so that TransCanada could export volumes that had not been exported during the term of the licence.

The applicant also requested approval of several amendments to the original contract. Western Gas Marketing stated that on 1 December 1986 TransCanada stopped reporting exports under GL-18. Since that date volumes previously allocated to Licence GL-18 have been reported under various short-term orders. TransCanada would like to resume reporting under Licence GL-18 a portion of the volumes it has been exporting under short-term order GO-50-89 and to use the licence until 31 October 1992. Accordingly, Western Gas submitted copies of contractual amendment documentation pertaining to its sales arrangements with Viking, formerly Midwestern, that have been executed since December 1986, (the date on which TransCanada stopped reporting exports under GL-18).

The application is currently under review.

7. Potters Industries Inc. - Access to TransCanada PipeLines Limited System

By application dated 19 December 1989, Potters applied for orders requiring TransCanada and Niagara Gas Transmission Limited to receive, transport and deliver natural gas offered by Potters and to provide adequate and suitable facilities to do so. Potters requested firm service from Empress, Alberta to a point where TransCanada's pipeline interconnects with that of Niagara Gas for

subsequent delivery by Niagara Gas to Cornwall, Ontario.

Potters requires the transportation service commencing upon first delivery for at least three years or until TransCanada and Niagara Gas enter into a firm transportation agreement with Potters. The gas would be used by Potters at its plant at Potsdam, New York.

Potters also applied for an order fixing the tolls that TransCanada and Niagara Gas may charge for the transportation service and also fixing an operating demand for Potters of up to 17 300 cubic metres (610 000 cubic feet) of gas per day.

On 6 April a letter was sent to Potters seeking further information on the application. By copy of the letter, Western Gas Marketing and Niagara Gas were invited to comment on whether they would accept a reduction in their respective Operating Demand Volumes ("ODV") in the event the Board were to allow a reduction of the ODV due to a displacement to apply to export sales off the TransCanada system into an export market that does not have access to American-sourced gas and is, thus, entirely dependent upon Canadian gas imports.

Comments regarding ODV reduction were received from Western Gas and Niagara Gas as well as the reply comments from Potters.

On 4 October, the Board denied Potters' application.

8. Alberta Northeast Gas Export Project

On 12 March 1990 the following three joint applications requesting orders to amend gas export licences GL-102, GL-103, GL-104 and GL-105 were filed:

a) GL-102:

Alberta Northeast Gas, Limited ("ANE") and Western Gas Marketing Limited;

b) GL-103:

ANE and ProGas Limited; and

c) GL-104/GL-105:

ANE, ATCOR Ltd. and AEC Oil and Gas Company, a Division of Alberta Energy Company Ltd.

The Board had issued the above-noted licences in March 1987 authorizing exports via Iroquois, Ontario to 18 local distribution companies in the northeastern United States.

The Board is currently holding public hearings on the facilities required to deliver the volumes via Iroquois. (Refer to item 1 under *Hearing in Progress* and item 5 under *Recent Hearing Reports and Decisions*.)

The applicants applied for a variation of the daily and annual volumes, but not the term volumes, so as to provide for a phase-in of the Iroquois volumes for the first year of the licence, a corresponding extension of the licence term to reflect deferred phase-in volumes and a forward shift of the licence term to coincide with the in-service date of 1 November 1991 of the Iroquois Gas Transmission System (the proposed pipeline which will transport the volumes in the United States).

In the case of Licences GL-104 and GL-105, an amendment was also requested so as to incorporate the terms of a Backstop Agreement dated 7 November, 1986 between ATCOR Ltd. and AEC Oil and Gas Company, a division of Alberta Energy Company under which ATCOR or AEC may, in accordance with the terms and conditions of the Backstop Agreement, transfer portions of AEC's gas supply rights to ATCOR and ATCOR may export those quantities of natural gas under Licence GL-104, with offsetting reductions applying to Licence GL-105.

The applications are currently under review.

9. ICG Transmission Holdings Ltd., Northern Minnesota Utilities and ICG Utilities (Ontario) Ltd. - Assign and Vary Licences GL-28, GL-29 and GL-30

The above-noted three companies, in a joint application dated 26 April 1990, applied to:

- assign Licence GL-28 from ICG Transmission to Northern Minnesota;
- assign Licence GL-29 from ICG Transmission to Northern Minnesota and add Sprague, Manitoba as an export point and Rainy River, Ontario as an import point. This request will not result in any increase in the volume presently authorized under the licence; and
- assign Licence GL-30 from ICG Transmission to ICG (Ontario) and decrease the volume by the same amount as the volume authorized for export at Sprague and re-import at Rainy River under Licence GL-29.

Minnesota Pipelines requested the changes in the licences because it has applied to the Federal Energy Regulatory Commission to unbundle its services. Once FERC approves the application, Minnesota Pipelines will no longer be a buyer and seller of gas but will be solely a transporter of gas. In conjunction with Minnesota Pipelines' unbundling of its services, ICG Transmission will also unbundle its services and become solely a transporter of gas.

Once unbundling occurs, revised export authorizations are required from the Board in order to reflect the new contractual arrangements and to continue the flow of natural gas to customers.

The application is currently under review.

10. *The City of Warroad - Application for an Export Order*

(Refer to item 9 above.)

In light of Minnesota Pipelines' unbundling of its services, the City of Warroad, Minnesota applied to the Board for an order to export 30 000 cubic metres (1 million cubic feet) per day of natural gas for a 20-year period.

Currently Warroad purchases gas from Minnesota Pipelines under Licence GL-28. Once FERC approves the application of Minnesota Pipelines to unbundle its services, Minnesota Pipelines will no longer be a buyer and seller of gas to Warroad, but will be solely a transporter of gas. Warroad intends to purchase gas from Western Gas Marketing Limited.

The application is currently under review.

11. *Pan-Alberta Gas Ltd. - Amendment to Licence GL-95*

Pan-Alberta applied on 12 September 1990 to extend the date specified in a condition in Licence GL-95. The condition requires Pan-Alberta to file, for the Board's approval, proof of import authorization from the United States before the licence becomes effective. The condition, which has been extended several times already, requires that the above proof be filed by 1 November 1990.

Originally issued following the 1982 Omnibus proceedings, GL-95 authorized the export of natural gas at Niagara Falls for sale to Algonquin, Texas Eastern and Transco (all American interstate pipeline companies) for use in the American northeast during the period 1 November 1984 to 31 October 1996.

On 25 October, the Board denied the application.

12. *ProGas Limited - Amendment to Licence GL-81*

ProGas Limited applied on 2 October 1990 to extend the date specified in a condition in Licence GL-81. The condition requires ProGas to file for the Board's approval the proof of import authorization from the United States before the licence becomes effective. The condition, which has been extended several times already, requires that the above proof be filed by 1 November 1990.

On 25 October the Board approved an extension of the condition to 1 November 1991.

13. *ProGas Limited - Contract Amendment with ANR Pipeline Company - Licence GL-98*

ProGas applied on 3 October 1990 for approval of an amendment dated 22 August 1990 to its gas sales contract with ANR Pipeline Company with respect to exports under Licence GL-98.

The application was approved on 8 November 1990

14. *Shell Canada Limited - Amendments to Gas Sales Contracts - Licence GL-134*

Shell Canada applied on 9 October 1990 for various amendments to its gas sales contracts with Salmon Resources Ltd. and to its gas sales contract with Cogen Energy Technology, Inc. Sales take place pursuant to Licence GL-134.

The application is currently under review.

15. *Shell Canada Limited - Amendment to Licence GL-120*

Shell Canada applied on 22 June 1990 for approval of an amendment to its gas export Licence GL-120 to remove certain conditions therein.

The application is currently under review.

Pipeline Matters

1. *TransCanada PipeLines Limited - Blackhorse Pipeline Extension*

On 20 July 1989, TransCanada applied for approval to construct 20 kilometres of pipeline and associated facilities for service beginning 1 November 1990. The pipeline would extend from TransCanada's Niagara Line to a delivery point near Chippawa, Ontario and is estimated to cost \$33.3 million. The extension would interconnect with the proposed Empire State Pipeline serving central and western New York State.

The Board informed TransCanada on 2 October 1989 that the application would be considered by some form of hearing following elimination of certain deficiencies in the application.

On 9 April 1990, TransCanada filed supplemental information in response to the Board's information requests.

On 14 June 1990 the Board decided that the application was not ready to be considered at that time and sent a letter to TransCanada so informing the company. The letter stated that the Board would monitor developments relating to the facilities interconnecting with the Blackhorse Extension and would advise TransCanada at a future date as to how the application would be dealt with.

2. *Canadian Hunter Exploration Ltd. - Pipeline Construction*

On 23 July 1990, Canadian Hunter filed an application for the construction of three 800-metre long segments of interprovincial pipeline in the Ring/Border Field located approximately 200 kilometres northeast of Fort St. John, British Columbia. Construction was expected to start in November 1990 at an estimated cost of \$428, 200.

On 13 September, the Treaty 8 Tribal Association and the Doig River Indian Band requested the Board to provide information on the application and the status of its approval.

On 27 September, the Board provided the requested information and decided to seek comments, by 26 October, on the application from the Treaty 8 Tribal Association and the Doig River Indian Band.

On 26 October, the Treaty 8 Tribal Association and the Doig River Indian Band asked that the environmental and socio-economic impacts of the project be the subject of a full review at a hearing.

On 6 November, Canadian Hunter responded to the concerns expressed in the Association and Indian Band's letter of 26 October.

The application and the comments received are currently under review.

3. *Alberta Natural Gas Company Ltd - Application for Additional and Modified Compression Facilities*

Albera Natural Gas filed an application on 31 May 1990 to construct additional compression facilities and to modify certain existing compression facilities at its three compressor stations in British Columbia in 1993. The estimated cost of the facilities is \$81.8 million.

The Board noted that Foothills Pipe Lines Ltd. had filed a related submission dated 31 May 1990 with the Northern Pipeline Agency, on behalf of Foothills Pipe Lines (South B.C.) Ltd., concerning the construction of 77.6 kilometres of additional pipeline sections between existing sections of its pipeline in B.C. at an estimated cost of \$104.7 million. The Board further noted that Foothills had submitted its application to the NPA as it was of the opinion that it already had a certificate for the proposed facilities.

The Board and the Agency, noting that the facilities owned by Foothills were integrated with those owned by Alberta Natural Gas, decided to implement a joint NEB-NPA information gathering process where such information may have an impact on the decisions made independently by the two organizations. The Board also decided that interested parties will be given an opportunity to comment on the Alberta Natural Gas application. The Board will decide at a later date on the procedures for comments.

4. *Altamont Gas Transmission Company - Notice of Objection to the Process Involving Separate Applications Pursuant to the National Energy Board and the Northern Pipeline Acts*

(Refer to item 3 above.)

By letter dated 31 July 1990, Altamont Gas Transmission Company filed an objection with the Board and the Northern Pipeline Agency objecting to the process by which separate applications had been made by Alberta Natural Gas and Foothills pursuant to the National Energy Board and the Northern Pipeline Acts.

Altamont submitted that the proposed expansion of Foothills was not related to the Northern Pipeline and sought a ruling by the Board and the NPA on the applicability of the Northern Pipeline Act to the Foothills expansion facilities.

The Board and the Agency decided to seek the views of Alberta Natural Gas, Foothills and other parties that might be affected by the disposition of this matter.

The comments and replies received are currently under review.

5. *167496 Canada Ltd. - Pipeline Construction*

On 27 September 1990, 167496 Canada Ltd. filed an application for the

construction of a 3.4 kilometre gas pipeline crossing the Alberta - Saskatchewan border in the vicinity of Soars and Redspring Lakes, Alberta. The facilities are estimated to cost \$ 206,000.

The proposed facilities will connect a gas gathering system for five Norwest Oil & Gas Corp. wells and one Husky Oil Operations Ltd. well in Alberta to the pipeline systems of TransGas Limited. The natural gas would be transported by TransGas and TransCanada PipeLines Limited to Niagara Falls, Ontario where it would be exported by KannGaz Producers Ltd.

167496 Canada Ltd. is owned by Norwest Oil & Gas Corp., Saskatchewan Oil & Gas Corp. and Husky Oil Operations Ltd. The majority owner, Norwest, is a wholly owned subsidiary of Norcen Energy Resources Limited.

On 8 November 1990, the Board approved the application. Construction is expected to start in January 1991.

6. *Sumas Energy Inc. - Pipeline Construction*

Sumas Energy Inc., a subsidiary of National Energy Systems company of Redmond, Washington, filed an application on 14 September 1990 to construct a 280-metre gas pipeline from Westcoast Energy Inc.'s Huntingdon meter station to the Canada - United States border. The purpose of the line is to provide a source of gas to a proposed cogeneration facility to be located near Sumas, Washington. The cost of the gas pipeline project in Canada is estimated at \$102,000.

The application is currently under review.

7. *Documentation Audit Reports*

The Board has adopted its staff's Documentation Audit Reports for compliance with the *Onshore Pipeline*

Regulations for the year 1990 for the following companies:

A.P.R. Pipeline Company Ltd.
Dome NGL Pipeline Ltd.
Dome NGL Pipeline Ltd. and Amoco
Canada Petroleum Company Ltd.
Polysar Hydrocarbons Limited
Yukon Pipelines Limited

Copies of the Documentation Audit Reports are available to the public on request.

Traffic and Toll Matters

1. Alberta Natural Gas Company Ltd - Review of Tariff

On 3 August 1989, the Board directed Alberta Natural Gas to review its gas transportation contracts with its shippers with a view to eliminating certain shortcomings, including the elimination of discriminatory tariff provisions and the establishment of clear terms of access in a published uniform tariff.

Alberta Natural Gas filed its tariff with the Board on 11 April 1990 and revised it on 30 May.

On 13 September 1990, Alberta Natural Gas requested that the Board include as part of its tariff review eight prospective shippers on the planned expansion of the company's system.

The Board has set dates for interested parties to comment on the proposed tariff.

2. Toll Adjustment Procedures

On 29 January 1990, the Board invited parties' comments concerning the toll adjustment procedures for Interprovincial Pipe Line Company, a division of Interhome Energy Inc., Trans Mountain Pipe Line Company Ltd. and Trans-Northern Pipelines Inc. as set out in Orders TO-4-85, TO-5-85 and TO-6-85, respectively.

The Board initiated a review of the continued appropriateness of the

current toll adjustment procedures for Interprovincial, Trans Mountain and Trans-Northern because recent experience indicates that there are difficulties with the procedures, as evidenced, for example, by uncertainty regarding various deadlines, and the need to grant extensions.

On 23 August, the Board issued interim procedures pending the completion of its review. Class 1 applications are to be filed no later than 45 days prior to the date on which the revised tolls are to become effective and Class 2 applications are to be filed no later than 90 days prior to the date on which the revised tolls are to become effective. The Board will advise parties once its full review of the toll adjustment procedures is complete.

3. Westcoast Energy Inc. - Toll Surcharges - Task Force's Report

The Board considered a report filed by the task force that was established to review the applicability of toll surcharges for expansions of Westcoast's raw gas transmission facilities. The Board decided to include this item as a matter to be dealt with at the Westcoast toll hearing. (Refer to item 1 under *Hearing Decisions Pending*.)

On 19 October 1990, the Board decided on the tests to be used to determine whether a surcharge should be levied on a raw gas transmission expansion. The Board also decided that, if the expansion were to be located upstream of an underutilized processing plant, it would be appropriate to include a portion of the incremental firm processing revenues in the determination of the surcharge.

It was during its review of Westcoast's application for the construction of the Pine and Commotion pipelines in August 1989 that the Board invited Westcoast to set up the task force. The Board wished to establish criteria to assess whether a surcharge is appro-

priate and, if so, what its level should be so that such criteria can be applied to future raw gas transmission facility expansions.

4. Trans-Northern Pipelines Inc. - Tolls

Trans-Northern filed an application for new tolls for the transportation of refined petroleum products beginning 1 July 1990. These tolls would increase the average toll for transportation service by about 10.7 percent.

The company is requesting a 7.9-percent increase in its revenue requirement, from \$25.7 million to \$27.8 million. While total forecast deliveries are relatively unchanged, the company is forecasting a reduction in the average length of haul from 198.8 kilometres to 192.1 kilometres.

The company also asked that its existing tolls be made interim until the Board renders a decision on the requested toll increase.

On 12 July 1990, the Board approved the request for interim tolls effective 15 July 1990.

On 22 November 1990, the Board approved a 9.8 percent increase in tolls effective 1 December 1990.

5. Interprovincial Pipe Line Company, a division of Interhome Energy Inc. - Class 2 Tolls

Interprovincial filed an application dated 27 September 1990 for an increase in the tolls it may charge, beginning 1 January 1991, for transporting crude oil, natural gas liquids and petroleum products. The average increase would approximate two percent over the tolls currently in effect.

The company is requesting an overall 4.8-percent increase in its revenue requirement, to \$317.1 million, and a 4.4-percent increase in its rate base, to \$746.0 million.

In a letter dated 11 October 1990, the Board established the dates for comments on the application.

The application is still under review.

6. *Trans Mountain Pipe Line Company Ltd. - 1991 Capital Expenditures*

By application dated 24 September 1990, Trans Mountain filed an application for approval of capital expenditures totalling \$17.68 million. Most of the projects are aimed at the general upkeep and continued modernization of the pipeline system.

The Board noted that Trans Mountain's proposed 1991 capital expenditures would increase the company's rate base by over 11 percent and would lead to an approximate 2.75-percent increase in tolls. The Board was also aware that the Independent Petroleum Association of Canada and the Canadian Petroleum Association had expressed a desire to become better informed and more actively involved in the section 58 process for major Group 1 oil pipeline companies.

For the above reasons, the Board decided on 11 October to give the interested parties in toll matters an opportunity to comment on the application.

The application, the comments received and Trans Mountain's reply are currently under review.

7. *Trans Mountain Pipe Line Company Ltd. - Class 1 Tolls*

Trans Mountain filed an application dated 30 August 1990 for an increase in its tolls for transporting crude oil, and refined and semi-refined petroleum. The amount of the increase would average 4.1 percent.

Trans Mountain stated that the purpose of the requested increase is to offset expected lower throughput.

The company's current tolls are based on forecast average 1990 deliveries of 27 960 cubic metres per day, which was approved by the Board at the company's last toll hearing. The company now forecasts that 1990 deliveries will average 26 637 cubic metres per day. This decrease would result in a reduction in transportation revenue of 3.7 percent from the amount approved by the Board.

Trans Mountain also requested that its current tolls be made interim effective 1 September, pending final disposition of its toll application by the Board. The Board granted that request on 31 August 1990.

On 22 November 1990, the Board denied the application.

8. *Trans Mountain Pipe Line Company Ltd. - Class 2 Tolls*

Trans Mountain filed an application on 15 October 1990 for an increase in the tolls it may charge for transportation services, effective 1 January 1991. The amount of the increase would average 6.0 percent over the tolls currently in effect.

Trans Mountain stated that the purpose of the requested increase is to provide for a forecast increase in the 1991 throughput levels to 27 960 cubic metres per day from the currently approved 1990 forecast of 27 690 cubic metres per day. The increase in the tolls would also enable the company to recover a forecast 7.4-per cent increase in its cost of service, to \$85.2 million, over the currently approved amount of \$79.3 million.

The application is still under review.

9. *Financial Regulation Audit Reports*

The Board has adopted its staff's audit report for the following company:

Foothills Pipe Lines Ltd.

1 January 1987 to 31 December 1989.

Copies of the Audit Report are available upon request.

Electricity Matters

1. *B.C. Hydro - Export Licences- Application for Variance*

B.C. Hydro applied on 14 August 1990 to renew Licences EL-162, 163 and 164 and to include Powerex as a licensee on Licences EL-162 and 163.

On 16 August 1990, the Board issued its Directions on Procedure for consideration of the application. Interested parties were invited to comment.

On 13 September 1990, the Board approved an extension of the licences to 30 September 1991 and included Powerex as an holder of the licences.

The Governor in Council approved the amendments to the licences on 27 September 1990.

2. *Hydro-Quebec - Amendments to Export Licence EL-154*

Hydro-Quebec applied on 20 August 1990 to amend Licence EL-154 so as to authorize transmission of the power and energy over any of Hydro-Quebec's international power lines presently certificated by the Board.

Licence EL-154 currently authorizes Hydro-Quebec to export 750 kilowatts of power and up to 4 gigawatt hours of energy per year to Vermont Marble Company. The licence permits the exports to be transmitted only over two specific power lines.

The Board approved the application on 13 September. The amending order was approved by Governor in Council on 27 September 1990.

3. Hydro-Quebec - Export Orders

Hydro-Quebec applied on 24 July 1990 for renewal of three export orders. The orders, which authorize exports for border accommodations, are in one case, for 240 kilowatts of power and 480 megawatt hours of energy and in the other two cases for 40 kilowatts of power and 80 megawatt hours of energy.

On 9 October, the Board approved the application and issued three orders effective 1 November 1990 to 31 October 1995.

Electricity Review

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review interprovincial electricity trade. Specifically, the Minister asked the Board to review and report on possible measures that could be taken to

- (i) encourage greater interprovincial cooperation between Canada's electrical utilities, and
- (ii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces for wheeling purposes.

In March 1989, the Board advised the Minister of the approach it was proposing to take in conducting the review. In May, the Minister agreed with the suggested approach.

On 11 January 1990, the Board decided that it would carry out the review along two separate tracks. The first will focus on inter-utility cooperation. The second will address questions relating to wheeling and transmission access.

With respect to the first track, on 2 March 1990, the Board issued a questionnaire on inter-utility cooperation and a staff study entitled "*Inter-Utility Cooperation - A Conceptual*

Framework." Comments from interested parties were requested by 12 May, later extended to 11 June.

Comments have been received and are being analysed.

An in-house study of comparative costs of new generating facilities is virtually complete and will form important input to this part of the review.

With respect to the second track, a report was recently completed by Cusazza, Schultz and Associates on technical issues associated with wheeling and transmission access and an in-house study to assess economic benefits is reaching completion. These, together with a paper on jurisdictional aspects will form input to the second track.

Memorandum of Guidance Regulation of Group 2 Companies

On 22 November 1990, the Board issued an updated Memorandum of Guidance concerning the regulation of Group 2 companies in order to reflect the numerous changes which had been made to the Board's legislation and regulations.

The memorandum describes the lighter level of regulation that is being applied to the companies which operate the generally smaller pipelines under the Board's jurisdiction. They were designated as Group 2 companies in 1985. The 10 larger pipeline companies were designated as Group 1 companies and continue to be subjected to full regulatory requirements.

The updated version will provide continued guidance and information to the Group 2 companies.

Canadian Energy Supply and Demand

The Board last published its projections of Canadian energy supply and

demand in a report entitled *Canadian Energy Supply and Demand 1987-2005*, dated September 1988.

Board staff will be updating the projections during 1990 and 1991, separate from any of the Board's current or anticipated regulatory proceedings.

An information package describing preliminary projections of energy supply and demand and of associated emissions of certain gases was made available during November 1990 for comment by interested parties. Parties were asked to submit their comments in writing, preferably not later than Friday, 21 December 1990. These comments will be made publicly available in the Board's library in Ottawa and at its Calgary office.

Following the review of interested parties' comments on these preliminary projections, Board staff will prepare revised projections which it intends to publish in mid-1991.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The *Onshore Pipeline Regulations* provide for the safe design, construction and operation of onshore oil and gas pipelines. The regulations will be updated and amended to reflect the outcome of Board-industry deliberations on the 12 recommendations included in the Board's report of June 1986 on an accident on Interprovincial's system in February 1985. (See item 1 under *Reviews*.)

The Board will proceed at the same time with various housekeeping amendments to the regulations. The proposed amendments will require examination by the Department of Justice and approval by the Governor in Council.

2. Offshore Pipeline Regulations

On 24 November 1988, the Board issued for comment the second draft of its new *Offshore Pipeline Regulations*. These regulations provide for the safe design, construction, and operation of offshore pipelines. The CSA standard, "CAN/CSA-Z187-M87, *Offshore Pipelines*", forms the technical basis for the Board's new *Offshore Pipeline Regulations*.

Interested parties had until the end of April 1989 to submit comments. A final draft of the regulations was approved by the Board on 12 July 1989. The draft regulations have been submitted to the Department of Justice for examination. The Board is currently reviewing the final edited discussion draft submitted by the Department of Justice.

3. Part VI Regulations

a) General

The *Part VI Regulations* are being amended to reflect the new electricity export policy.

As well, other revisions are being proposed to reflect the natural gas Market-Based Procedure and the changes suggested by the Standing Joint Committee on Regulatory Scrutiny. They include the removal of certain provisions respecting export and import reporting requirements, which are now to be included in the *Export and Import Reporting Regulations* (see below). On 10 August 1990 the Board submitted the proposed amendments to interested parties for comment. Information sessions on the proposed changes were held in Ottawa on 29 August 1990, in Toronto on 10 September 1990, and two in Calgary on 11 September 1990.

The proposed amendments will require examination by the Department of Justice and approval by the Governor in Council.

b) Export and Import

The Governor in Council has approved amendments to the regulations regarding imports of natural gas authorized by orders and natural gas imports for re-export and exports for re-import, the latter of which are currently authorized by licences.

Under the amended regulations, the Board may issue orders authorizing imports for a period of up to two years without a limit to the volume. Previously, import orders could be issued for a maximum term of one year with a limit to the volume of 60 million cubic metres. Also, the Board may issue import orders for volumes up to 30 000 cubic metres per day for periods of 2 to 20 years, rather than 1 to 20 years.

The amendments also allow the Board to issue long-term orders, up to 25 years, for gas that is being exported for re-import or that is being imported for re-export, without the need to hold a public hearing. Hearings were previously required in those cases.

4. Export and Import Reporting Regulations

These proposed regulations would require companies exporting oil, natural gas, or power, or importing natural gas to provide certain information to the Board. The information is similar to that currently required by the *Part VI Regulations*.

The Board decided to remove the reporting requirements from the *Part VI Regulations* and make these new regulations under subsection 129(1) of the Act, on the suggestion of the Standing Joint Committee on Regulatory Scrutiny.

The regulations, which will require examination by the Department of Justice and Governor in Council approval, will be processed together with the comprehensive amendment to the *Part VI Regulations* noted above.

5. Regulations Pertaining to Crossings Involving International Power Lines

Following receipt of comments from interested parties on draft *International Power Line Crossing Regulations*, the Board approved a new draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. International Power Line Crossings, Construction and Abandonment Regulations

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. International Power Line Crossings Regulations

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

The scope of these regulations has been re-examined in view of the new electricity export policy; the regulations are expected to be submitted to the Department of Justice for examination this month.

6. Cost Recovery Regulations

Pursuant to the government's cost recovery initiative introduced in the May 1985 Budget, the Board completed a feasibility study on recovering the costs of regulation from companies under its jurisdiction. The study received Treasury Board's approval in principle in November 1988. Consultation with industry took place during 1989. The Board submitted a report on these consultations and implementation options to

the Minister who in turn submitted the package to Treasury Board for decision. On 25 February 1990, Treasury Board directed the Board to proceed with 100 percent cost recovery.

On 30 January 1990, the Board issued a further draft of the Regulations for comments by interested parties.

An amendment to the Board's Act in June 1990 gave the Board the necessary powers to recover costs.

The Regulations have been reviewed by the Department of Justice and were approved by Treasury Board in August. Implementation is currently scheduled for January 1991.

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the *Rules of Practice and Procedure* and the schedules which form part of the rules. The Board has asked all parties to use them, although they must still be

published in the *Canada Gazette* before they become binding.

The Department of Justice has completed an initial examination of the rules and the Board is reviewing them in light of the amendments to the *Act* as a result of Bill C-23, recent changes in export regulation and comments from the Department of Justice. The revised draft will require further examination by the Department of Justice and publication in the *Canada Gazette*.

Administrative Matters

Reports and Speeches

1. *Some Reflections on Current Natural Gas Issues from a National Energy Board Perspective*, a presentation by R. Priddle, Chairman, to the Canadian Gas Association Finance Conference on 17 September 1990 in Ottawa, Ontario
2. *The National Energy Board and its Environmental Procedures for Energy Projects and Exports*, a presentation by M. Musgrove, Member, to the twelfth Annual Conference of the Canadian Association of Petroleum Landmen on 19 September 1990 in Montreal, Quebec.
3. *Some Reflections on Current Natural Gas Issues from a National Energy Board Perspective*, a presentation by R. Priddle, Chairman, to the Canadian Gas Processors Association and Canadian Gas Suppliers' Association 30th Anniversary Conference on

25 September 1990 in Calgary, Alberta.

4. *Canadian Natural Gas for U.S. Electricity Generation*, a presentation by R. Priddle, Chairman, to the Edison Electric Institute/American Gas Association Conference on Gas Use in Electricity Generation on 8 November 1990 in Orlando, Florida.
5. List of Automatic Exclusions Pursuant to the Environmental Assessment Review Process Guideline Order (Revised).

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900.

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added thereto, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L4: Oil and Gas matters
- L5: Electrical matters
- L6: Annual Reports only
- L7: Press Releases only
- L8: Regulatory Agendas only
- L9: Environmental Matters

Lists 2 and 3, which covered oil and gas matters separately, have been amalgamated into List 4.

National Energy Board



Marie Tobin
Secretary

For copies of documents contact:

Regulatory Support Office (613) 998-7204

For information contact:

Denis Tremblay, Information Services (613) 990-1850

Appendix I

Instructions For Filings With The National Energy Board

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies	Type of Application or Filing	No. of Copies
(a) Hearing Matters		(iii) Oil Exports	
(i) Certificates		Registered Oil Export Orders	10
- Pipeline	35	(iv) Tolls	
- Power line	30	Class I and II Adjustments	20
(ii) Export licences		Interim Orders	20
- Natural gas	35	Operating and Maintenance Budgets	20
- Electricity	30	Changes in Depreciation Rates	20
(iii) Tolls	35	Quarterly Surveillance Reports	20
(iv) Land Acquisitions	10	New or Changed Tariffs	20
		Domestic Gas Sales Contracts and	
		Amendments	20
		Amendments to Tariff Orders	20
(b) Non-Hearing Matters		(v) Pipelines and Power Lines	
(i) <i>Natural Gas</i>		Exemption Orders Power Lines	15
Export Orders	5	Exemption Orders Pipelines (Sec. 58)	20
Orders for Transmission Access	20	Certificate Amendments	20
Licence Amendments	20	Certificate Revocations	20
Amends to Export Contracts	20	Leaves to Sell or Transfer	20
Licence Revocations	20	Incident Reports	20
(ii) <i>Electricity Exports</i>		(vi) Other	
Orders	15	Applications for Review	20
Licence Amendments	15		
Licence Revocations	15		

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5. (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900)

Appendix II

NATIONAL ENERGY BOARD Selected List of Telephone Numbers

BOARD MEMBERS

Chairman	R. Priddle	990-3454
Vice-Chairman	J.-G. Fredette	990-3462
Member	R.B. Horner, Q.C.	990-3459
Member	W.G. Stewart	990-3470
Member	A.B. Gilmour	990-3312
Member	A. Côté-Verhaaf	990-3264
Member	M. Musgrove	990-3466
Member	C. Bélanger	990-9528
Member	R. Illing	990-3460
Temporary Member	D.B. Smith (403)292-6694	
Temporary Member	K.W. Vollman	990-3465

EXECUTIVE DIRECTOR

Executive Director	R. Glass	998-7190
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Finance and Administration Branch

A/Director	J. Klotz	990-6523
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Personnel Branch

Director	J. Thompson	993-4823
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Planning and Review Branch

Director	C. Scott	990-6845
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Information Technology Branch

Director	D. Emmens	998-7974
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OFFICE OF THE SECRETARY

Secretary	M. Tobin	990-3167
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A/Asst. Secretary Regulatory	B. McEwen	990-3447
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A/Asst. Secretary Communications	A. Sicotte	998-7193
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A/Chief, Information Services	U. Perovic	990-3166
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Manager, Library	N. Park	990-6221
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Board Distribution Centre (Room 1064)		998-7204
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General Information		998-7204
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ENERGY REGULATION DIRECTORATE

Director General, Energy Regulation	P.L. Miles	998-7929
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Economics Branch

Director	M. Segal	998-9378
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Asst. Director & Manager, Economic Analysis Group	R. Jackson, Jr.	998-7213
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Manager, Forecasting and Energy Market Analysis	E. Ruddick	998-7936
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Electric Power Branch

Director	A.N. Karas	990-0329
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Special Advisor and Chief Generation Planning	M. Warnes	990-0335
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Chief, Regulatory	G. Izsak	990-0334
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Chief, Power System Planning	E. Vaahedi	990-0322
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Energy Supply Branch

Director	D.R. Collyer	998-7952
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Chief & Asst. Director, Crude Oil Supply	G.C. Hos	998-7921
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Chief, Special Projects	B. Bowers	998-7922
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Chief, Natural Gas Supply	P.R. Bourgeois	998-7925
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Chief, Geology and Reserves	C.H. Gerneroy (403)292-5400	
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Gas and Oil Branch

Director	R.M. White	990-6235
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Asst. Director and Chief, Market Analysis and Export Surveillance	R. Choy	993-7653
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Chief, Gas Export	D.M. Dubuc	993-6433
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Chief, Transportation and Oil Exports	H.H. Pols	993-7656
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Senior Advisor Oil Matters	B.A. Wells	990-6238
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PIPELINE REGULATION DIRECTORATE

Director General,
Pipeline Regulation E.L.M. Gordon 990-3314

Environment Branch

Director P.A. Carr 998-7179

Chief & Asst. Director,
Environment S.P. Pierce 998-7181

Chief, Operational
Programs G.R. Higginson 998-7182

Chief, Regulatory
Affairs S.A. Burgess 998-7149

Chief, Pipeline
Crossings R.C. Seaman 998-7153

Financial Regulation Branch

Director H.K. Pau 990-3188

Asst. Director & Manager,
Operations G.S. Johnson 990-3191

Chief,
(IPL, IPL(NW), TMPL) C.M. Sharp 990-3203

Chief,
(Westcoast) J.J. Dolan 990-3204

Chief,
(TransCanada, TQM) G. O'Brien 990-3205

A/Chief, (TNPL, ANG
Cochin, Group 2
Pipelines) D.Grunig 990-3213

A/Advisor, Capital and
Labour Costs,
Toll Design J. MacKay 990-3216

Advisor, Accounting, Auditing
and Taxation (Foothills) Aideen Brown 990-3206

Pipeline Engineering Branch

A/Director G. Caron 998-7160

A/Chief, Gas Pipelines
West & A/Assistant
Director S. Richardson 998-7131

A/Chief, Gas Pipelines
East W. Reynen 998-7134

A/Chief, Oil Pipelines A. Cadieux 998-7117

Chief, Group 2 Pipelines
and Data Bases
and Safety F. Jeglic 998-7133

Coordinator, Standards
and Regulations J. Abes 998-7116

Chief, Field
Inspection D. Watson 998-7125

LAW BRANCH

A/General Counsel J. Morel 990-6223

A/Assistant General
Counsel L. Meagher 990-6229

Counsel D. Bursey 990-6231

Counsel M. Fowke 990-6228

Counsel R. Graw 990-6232

Counsel A. Vockeroth 990-3488

Counsel S. Courtemanche-
Scott 990-6226

Counsel J. Syme 990-6227

Counsel N. Bouffard 990-1297

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas, and electricity, the certification of interprovincial and international pipelines and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by the Minister of Labour to administer Part II of the *Canada Labour Code*.

Head Office:

National Energy Board
473 Albert Street
Ottawa, Ontario
K1A 0E5

(613) 998-7204

Calgary Office:

National Energy Board
4500 - 16th Avenue N.W.
Calgary, Alberta
T3B 0M6

(403) 292-6700

